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Established 1887

Peking Reportedly Broadens Basis for Talks With Taiwan

By Michael Parks Washington Post Service

HONG KONG — The Chinese Communists have significantly broadened their proposal for talks with their long-time Nationalist rivals on Taiwan...

is also obviously intended to increase pressure on the Nationalists to agree to negotiations with the Communists on Taiwan's reunification...

'Bluff Being Called'

Among them would probably be equality of the two parties, a national role for Taiwan's Kuomintang after reunification and the dropping of Peking's present preconditions...

A Major Step Peking's offer is a major step, according to the pro-Communist sources, toward meeting the Nationalist demand that any negotiations be conducted on the basis of full equality...



U.S. Secretary of State Alexander M. Haig Jr. at a news conference before leaving Bonn.

Haig Affirms U.S. Commitment To Consultations With Its Allies

By John Vinocur New York Times Service

BONN — U.S. Secretary of State Alexander M. Haig Jr. made a new attempt Monday to convince the public in European NATO countries that the Reagan administration is committed to arms reduction and consultation with its allies...

U.S.-Soviet talks on middle-range nuclear missiles beginning this fall could allow the North Atlantic Treaty Organization to scrap its deployment plans for Pershing-2 and Cruise missiles...

Soviet Union to the alleged use of chemical poisons in military operations in Afghanistan, Laos and Cambodia...

Three Cabinet Ministers Dismissed by Thatcher

From Agency Dispatches LONDON — Prime Minister Margaret Thatcher Monday fired three Cabinet critics of her monetarist policies.

Three junior ministers also lost their jobs. The dismissed Cabinet members were the deputy foreign secretary, Sir Ian Gilmour, the education minister, Mark Carls, and Lord Soames...

As speculation intensified over the weekend that a reshuffle was imminent, Mr. Prior resigned Sunday as employment secretary...

Mr. Prior's move to the Northern Ireland Office was "obviously a disappointment to him," a spokesman at his office said.

In an announcement from her office at 10 Downing Street, Mrs. Thatcher dismissed Lord Soames, who guided Rhodesia to independence as Zimbabwe...

France Plans to Pursue Research On Neutron Weapons as Deterrent

By Edward Cody Washington Post Service

PARIS — The French government, in a major policy statement, declared Monday that it will proceed with the development of neutron weapons as part of an effort to keep nuclear independence while remaining faithful to France's partners in the Atlantic alliance.

Paris under the Socialists thus seems to be following a two-track approach — agreement and cooperation with Washington on meeting Soviet power with equivalent Western might in Europe...

Mr. Mitterrand has, for example, emphasized the need to be firm with the Soviet Union on such matters as its intervention in Afghanistan and deployment of SS-20 missiles in Eastern Europe.

Clearly, very serious and knowledgeable people are extremely concerned today as they watch the level of armaments grow in what could be described as a mindless way, between East and West.

At a news conference in Bonn at the end of a four-day European trip, Mr. Haig promised "complete and total" discussions concerning any eventual deployment of neutron weapons in alliance countries...

Senate Leader Says Congress Seeks Larger Cut in Pentagon Spending

By Edward Cowan New York Times Service

WASHINGTON — Sen. Pete Domenici, the New Mexico Republican who is chairman of the Senate Budget Committee, says that "a majority of the Congress are looking for larger cuts" in planned military spending than the \$13 billion announced Saturday night by the White House.

Compared to the \$75 billion that Mr. Stockman has said must be saved from projected 1983-84 outlays to fulfill Mr. Reagan's goal of a balanced budget in 1984...

predicted by the administration, benefits would go up 6.9 percent. The chairman of the House Budget Committee, Rep. James R. Jones, Democrat of Oklahoma...

Having chosen the low end of the range on military economies, budget experts said it appeared that Mr. Reagan and Congress would have to make even deeper cuts in nonmilitary programs...

Sen. Domenici said in a television interview Sunday that to make the necessary savings Congress must curtail increases for "entitlement" such as Medicare and Medicaid, federal pensions and Social Security benefits.

Sen. Domenici, emphasizing the overall fiscal problem, was openly disapproving of the size of Mr. Reagan's military cut, although he did not criticize the president directly.

France Under Mr. Mitterrand Will Continue Its Independent Nuclear Force

Clear Distinction

This declaration of faith in France's traditional role as a major Western ally reinforced several statements by President Francois Mitterrand since his May 10 election that have won praise from the Reagan administration despite earlier jitters at the idea of a Socialist government and of Communists in the French Cabinet.

Mr. Mitterrand has, for example, emphasized the need to be firm with the Soviet Union on such matters as its intervention in Afghanistan and deployment of SS-20 missiles in Eastern Europe.

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Yasser Arafat

PLO-Syrian Alliance Masks Deep Conflict

By Loren Jenkins Washington Post Service

BEIRUT — In the heavy public posturing that usually masks the true nature of their politics, it has always been a cardinal article of public faith that Yasser Arafat's Palestine Liberation Organization has no greater champion, or friend, than Syrian President Hafez al-Assad.

When the cameras are turned on the two leaders at periodic Arab summit conferences or their own regular meetings, they invariably are shown embracing warmly and chatting amiably.

During the same period Abu Nidal was linked to assassination attempts on PLO representatives in London, Kuwait, Paris, and the Pakistani capital of Islamabad.

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Sweden Devalues

INSIDE

The Swedish government devalues the krona, freezes prices and plans to cut spending in an attempt to strengthen its sagging economy and make its exports more competitive.

Polish Miners

The Polish news agency PAP reports that 10,000 soldiers and recruits have reported for work in Poland's coal mines to help boost sagging coal production.

Japan Pressures

On Japan's northern island of Hokkaido, threats of attack by rightist extremists have made Satoshi Tomizawa decide to batter down the doors to the new two-story, concrete and steel headquarters of the Eastern Hokkaido Japan-Soviet Friendship and Trade Pavilion.

Conservatives Lead Labor In First Returns in Norway

OSLO — Norway's Conservative Party was making large gains over the Labor government of Premier Gro Harlem Brundtland in general elections Monday, official computer forecasts showed.

The predictions indicated a swing of 6.9 percent to the opposition Conservative Party led by Kaare Willoch, an economist. If the trend continued, the Conservatives would increase their parliamentary strength by 15 seats to 56.

The Labor Party has ruled Norway for much of this century, but Mrs. Brundtland, 42, a medical doctor, has held office for only eight months.

Focus on Nigeria

A special supplement on Nigeria, 21 years after it achieved independence, appears on Pages 78-188.

Setback for Labor

Earlier in the day, the first results also confirmed an expected major setback for the Labor Party of Premier Brundtland.

Prospects of a Non-Socialist Election Victory

Prospects of a non-Socialist election victory led to a steady rise in stock prices as the campaign drew to a close.

NYSE Nationwide Trading Closing Prices Sept. 14

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock	2 Yr. P/E	High	Low	Open	Close
121	118	AA	15.5	121	118	120	120
122	119	AAE	15.5	122	119	121	121
123	120	AAH	15.5	123	120	122	122
124	121	AAI	15.5	124	121	123	123
125	122	AAJ	15.5	125	122	124	124
126	123	AAK	15.5	126	123	125	125
127	124	AAAL	15.5	127	124	126	126
128	125	AAAM	15.5	128	125	127	127
129	126	AAAN	15.5	129	126	128	128
130	127	AAAO	15.5	130	127	129	129
131	128	AAAP	15.5	131	128	130	130
132	129	AAAR	15.5	132	129	131	131
133	130	AAAS	15.5	133	130	132	132
134	131	AAAT	15.5	134	131	133	133
135	132	AAAU	15.5	135	132	134	134
136	133	AAAV	15.5	136	133	135	135
137	134	AAAW	15.5	137	134	136	136
138	135	AAAX	15.5	138	135	137	137
139	136	AAAY	15.5	139	136	138	138
140	137	AAAZ	15.5	140	137	139	139
141	138	AABA	15.5	141	138	140	140
142	139	AABB	15.5	142	139	141	141
143	140	AABC	15.5	143	140	142	142
144	141	AABD	15.5	144	141	143	143
145	142	AABE	15.5	145	142	144	144
146	143	AABF	15.5	146	143	145	145
147	144	AABG	15.5	147	144	146	146
148	145	AABH	15.5	148	145	147	147
149	146	AABI	15.5	149	146	148	148
150	147	AABJ	15.5	150	147	149	149
151	148	AABK	15.5	151	148	150	150
152	149	AABL	15.5	152	149	151	151
153	150	AABM	15.5	153	150	152	152
154	151	AABN	15.5	154	151	153	153
155	152	AABO	15.5	155	152	154	154
156	153	AABP	15.5	156	153	155	155
157	154	AAAR	15.5	157	154	156	156
158	155	AAAS	15.5	158	155	157	157
159	156	AAAT	15.5	159	156	158	158
160	157	AAAU	15.5	160	157	159	159
161	158	AAAV	15.5	161	158	160	160
162	159	AAAW	15.5	162	159	161	161
163	160	AAAX	15.5	163	160	162	162
164	161	AAAY	15.5	164	161	163	163
165	162	AAAZ	15.5	165	162	164	164
166	163	AABA	15.5	166	163	165	165
167	164	AABB	15.5	167	164	166	166
168	165	AABC	15.5	168	165	167	167
169	166	AABD	15.5	169	166	168	168
170	167	AABE	15.5	170	167	169	169
171	168	AABF	15.5	171	168	170	170
172	169	AABG	15.5	172	169	171	171
173	170	AABH	15.5	173	170	172	172
174	171	AABI	15.5	174	171	173	173
175	172	AABJ	15.5	175	172	174	174
176	173	AABK	15.5	176	173	175	175
177	174	AABL	15.5	177	174	176	176
178	175	AABM	15.5	178	175	177	177
179	176	AABN	15.5	179	176	178	178
180	177	AABO	15.5	180	177	179	179
181	178	AABP	15.5	181	178	180	180
182	179	AAAR	15.5	182	179	181	181
183	180	AAAS	15.5	183	180	182	182
184	181	AAAT	15.5	184	181	183	183
185	182	AAAU	15.5	185	182	184	184
186	183	AAAV	15.5	186	183	185	185
187	184	AAAW	15.5	187	184	186	186
188	185	AAAX	15.5	188	185	187	187
189	186	AAAY	15.5	189	186	188	188
190	187	AAAZ	15.5	190	187	189	189
191	188	AABA	15.5	191	188	190	190
192	189	AABB	15.5	192	189	191	191
193	190	AABC	15.5	193	190	192	192
194	191	AABD	15.5	194	191	193	193
195	192	AABE	15.5	195	192	194	194
196	193	AABF	15.5	196	193	195	195
197	194	AABG	15.5	197	194	196	196
198	195	AABH	15.5	198	195	197	197
199	196	AABI	15.5	199	196	198	198
200	197	AABJ	15.5	200	197	199	199



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(Continued on Page 20)

NIGERIA

Diversity Evolves in Dealings

(Continued from Page 75)

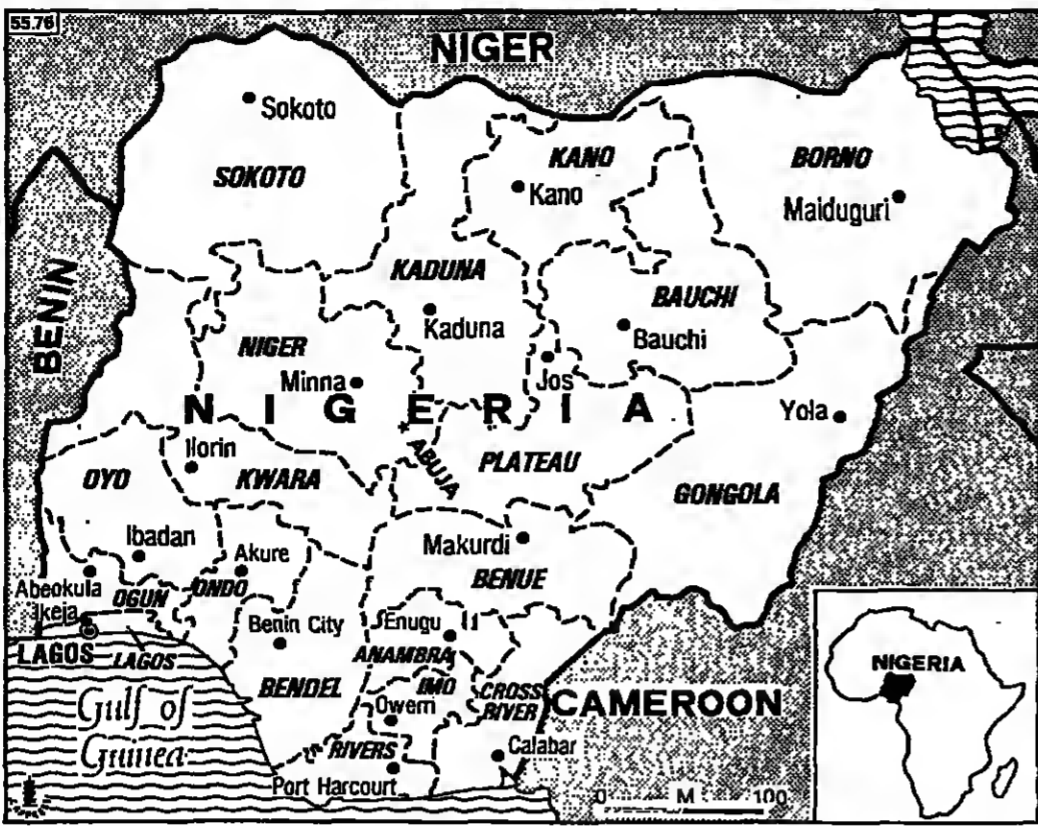
urers are rapidly expanding, and in 1980 Nigeria was black Africa's largest importer of Japanese vehicles. Honda motorcycles are being assembled in Ogun state. Yamaha is expected to start production later this year and Nissan's sales increased fourfold in 1980.

While the Nigerians prefer to deal with fellow capitalists, the Soviet Union gained an entry in the market during the civil war when it supplied the federal forces with arms that the West withheld.

The Soviet Union has been heavily involved in the Ajaokuta steel complex and several chemical plants, while Poland is active in maritime work, particularly fishing trawlers and shipyards. Czechoslovakia supplies a variety of engineering inputs and Hungary sells agricultural and health-related products.

In general, the Comecon countries undercut Western prices in the hope of developing long-term trade relationships. But Comecon trade has not taken off because Nigeria believes that the East is supplying outdated, secondhand technology acquired from the West. And the Eastern bloc has difficulty in establishing Nigerian business contacts because centrally planned economies prefer to deal with government organizations and this is not always possible in Nigeria.

The one Comecon country with which trade is growing significantly is Cuba. In March, the two countries signed an agreement to strengthen cultural, economic and scientific ties. Since then, Cuba has



become a technical partner in the \$588-million Sani sugar project. Nigeria senses that Cuba's experiences, as a developing country itself, may be particularly useful. Enthusiasm for technology already adapted to Third World conditions also underlies growing business contacts with Brazil and India.

Phone System
In 1975, four Brazilian firms were invited to repair and expand Nigeria's telephone system; they had just overhauled Brazil's equally chaotic network. More firms have arrived, and Brazil's exports

to Nigeria jumped 164 percent in 1980. Brazilians are particularly active in water engineering and construction. "All our technical people have worked in similar soil and climate conditions at home," said a spokesman for a major Brazilian concern, Hidroservices.

Because of the similarities between Brazilian and Nigerian conditions, West Germany's Volkswagen decided to supply its Nigerian assembly plant with parts from VW's Brazilian subsidiary. "The West German parts couldn't cope with Nigerian conditions," a company spokesman said. "The Brazilian kits have sturdier suspensions and higher ground clearance."

The most recent example of cooperation is Nigeria's request that Brazilian firms advise the government on how to move its bureaucracy from Lagos to the new federal capital at Abuja. "We went through the same thing 20 years ago when we moved our capital to Brasilia," a Brazilian businessman said.

India has been equally visible; for example, Rail India Technical and Economic Services has been running Nigeria's railways since 1979.

ers, while others result from the development of presidential responsibilities. Broadly, he has considerable power to make appointments. By the selection of key administrative personnel, he can exert significant influence over government policy in every area. Many appointments are subject to the advice and approval of the Senate, however, and President Alhaji Shehu Shagari has always ensured that his political and nonpolitical appointments reflect the federal character of the country — meaning that they are equitably distributed.

Under the new constitution, the executive powers vested in the president are subject to the provisions of any law made by the National Assembly.

State Government
Similarly, the executive powers of a state are vested in its governor. Subject to laws passed by the state's House of Assembly, they may be exercised by the governor directly or through the deputy governor and commissioners of the state government or officers in the public service of the state. The constitution also says that state ex-

ecutive powers shall not be exercised to impede the federal executive powers. The National Assembly also generally has far greater powers than the state assemblies, as its laws generally supersede state legislation. Judicial powers are vested in courts established for the federation and for the states. The Federal Supreme Court is the highest court of appeal. The governor of a state can be impeached by the state House of Assembly if he is found guilty of

The Oil Question Seen Nurturing Uncertainty

By Richard Sygne

COMMENTARY

LIKE most nations, Nigeria is going through domestic and foreign difficulties linked to the world recession and a rapidly changing international situation.

The most populated country in black Africa has recently undergone a period of uncertainty resulting from its overdependence on oil exports, its need to retain a strong African-oriented foreign policy in the face of U.S. President Reagan's conciliatory gestures toward South Africa and its search for a durable political system.

While such uncertainties are not new, there has been an unusual concentration of pressures for the last few months on the 2-year-old government of President Alhaji Shehu Shagari, just as it was beginning to look toward its re-election prospects in 1983. The government's reactions to its problems increasingly have to be seen in the light of the next elections.

A decline in government revenues resulting from a slump in oil sales since April is expected to have repercussions for government expenditures well into 1982, when the elections will be even more of an issue than they are now.

There has already been a dispute between the federal government and those state governments not controlled by the ruling National Party of Nigeria about the quantity of federal revenue to be made available to the states. This dispute will inevitably intensify with the financial stringency forecast in the coming months. The 19 state governments are almost exclusively dependent on federal money for their recurrent and development expenditure programs, and thereby for their own electoral chances.

The breakup last July of the NPN's governing accord with Nnamdi Azikiwe's Nigerian People's Party has increased the pressure on the ruling party to deliver what it has promised.

The worldwide oil surplus hit Nigeria more severely than the other members of the Organization of Petroleum Exporting Countries. In the years since OPEC acquired control in world affairs, the wealth from oil exports has not been able to transform Nigeria into a rich country in per capita terms. The present fluctuations in export receipts do not give rise to hopes of great wealth in the near future. Some oil company managers in Lagos think that Nigeria has reached its plateau in oil production.

The economic recovery noted in 1980 was too brief to restore any equilibrium...

The government wants to introduce rice farming with the use of modern technology — it favors U.S. firms that technology. It also hopes to attract big foreign investors into agriculture.

There is a race to inject "development" in Nigeria by means of conspicuous spending. This process is mirrored by the rapid growth of the political parties and power centers during the last two years.

As the financial difficulties at the early stage of the plan have restricted the Shagari administration's distribution of largesse, the few other political parties have been feeling increasingly shut out of the process of government and development. The loudest of the critics, Chief Obafemi Awolowo's Unity Party of Nigeria, has been joined by the NPP, whose accord with the NPN was broken in July.

The minority parties are too small individually to pose a threat to the smooth functioning of the federal government, but disruption at the state level is possible — as illustrated by the stalemate in Kaduna between the NPN House of Assembly and the People's Redemption Party governor, which has prevented the formation of a state administration for two years.

The NPN's apparent willingness to search for consensus solutions came to an end with the culmination of the Kaduna affair in June, when Gov. Alhaji Balarambe Musa was impeached by the House of Assembly. The NPN was accused by the other parties of persecuting

development. It did, however, lead to the nation's most comprehensive development plan yet — for the years 1981-1985 — which for the first time accords priority to agriculture and rural investment. Since the current administration will be judged partly on the plan, it focuses on projects that the NPN has adopted as its own — primarily the new federal capital at Abuja and the steel complex at Ajaokuta.

By stressing agriculture rather than some of the glaring problems of urban unemployment and deprivation, the plan aims to halt the drift to the cities at the source. "There will be no need for anyone to leave their village and struggle to get to urban areas once they have the necessary amenities in their own areas," said National Planning Minister Adenike Ebum Oyagbola.

The NPN has the resources to spread its activities nationally in a way that no other party can match, and the opposition parties' only chance of success at the polls in 1983 is through mergers or a coalition. The strongest of them, the UPN, is limited in influence to the four Yoruba states around Lagos and Ibadan and has a tenuous hold on Bendel state.

The NPN has only three states, the Ibo heartland of Anambra-Imo and Plateau state in the north, and the remaining two parties are localized in northern states and are both beset by leadership disputes. The PRP and the Greater Nigeria People's Party would, however, represent vital elements in any future attempts at coalition.

Kano state's PRP governor, Alhaji Mohammed Abubakar Rimi, has been the most prominent voice in calling for an opposition alliance, but it is a widely held view that the NPN at least would not respond to such overtures.

Nigerians are clearly not sufficiently accustomed to the four-year presidential system to be thinking en masse of the next elections, but the political leaderships at least are quietly planning their strategies.

The NPN is confident of a more decisive vote in 1983 than in 1979 because of its pre-eminence as a "nationally based" party and because the divisions within the PRP and GNPP and the geographical handicaps besetting the UPN and NPP make a coalition still seem remote.

Problems will arise if the new constitution proves inadequate in guaranteeing political freedoms or becomes inflexible to changing political realities. Financial difficulties have to be handled with more dexterity under civilian than under military rule.

Government spokesmen have recently described the economic situation as buoyant. Steering the country through the next few months will, however, be a considerable challenge. If it can still claim buoyancy a year from now, its chances of victory in 1983 will be considerable.

Nation's New Constitution Reduces Arbitrary Powers of the State Governments

By Jimoh Gbadamosi

IN THE PAST, one of the reasons for instability in Nigeria was the arbitrary use of powers by some governments within the federation. Such abuses have been reduced by the new constitution, which has vested powers in the president, the legislature, the judiciary and the people.

Under the system introduced with the 1979 elections, the president is the head of the ruling administration. The political resources available to him are varied; some are constitutional pow-

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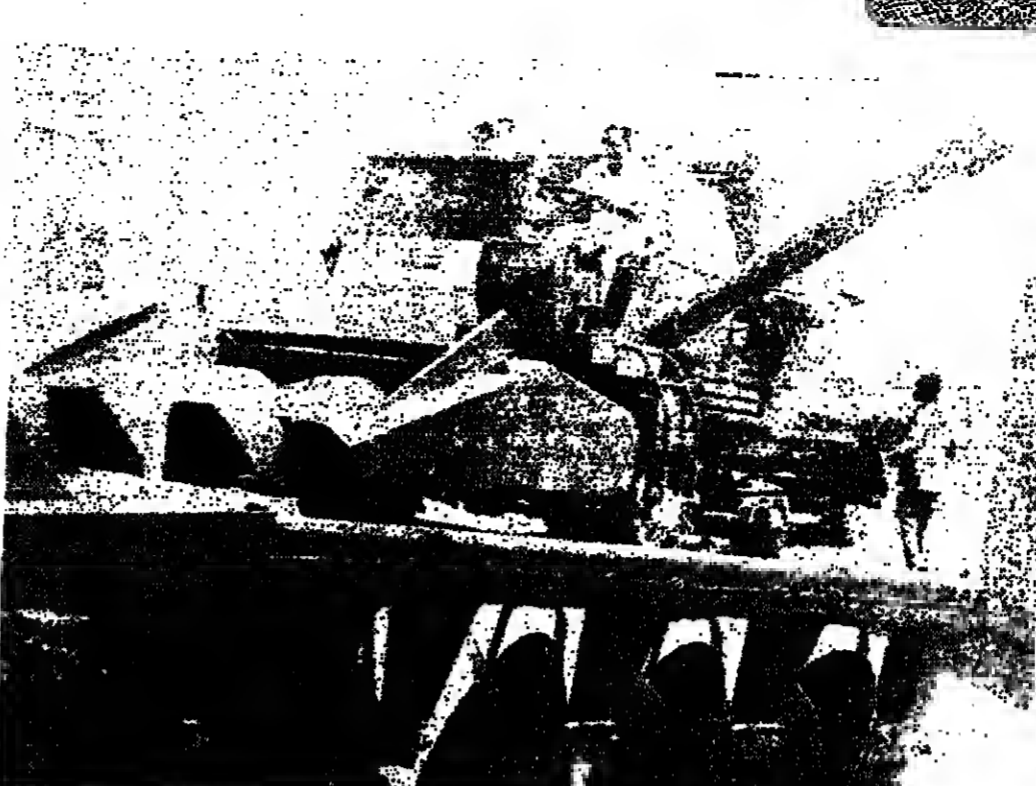
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NIGERIA



Fertilizer being unloaded at Apapa port, Lagos.



Harvesters and plows were among the farm equipment on display at Kaduna agricultural fair.



Yams, among staple crops, are offered at the market in Agbor.

Gains in Agriculture Are Given Top Priority as Oil Euphoria Fades

ONCE self-sufficient in food, with a modest surplus of cocoa, palm oil, peanuts and rubber for export, Nigeria now imports more than 1 billion naira worth of food annually, a tenfold increase in 10 years. At more than 2.5 million tons per year, food imports account for about one-fifth of the import bill.

In the short term, the situation can only deteriorate. Agricultural production growth is only 1 percent a year while population rises 3.5 percent to 4 percent.

The main cause of the agricultural collapse is the euphoria brought by oil. Farms have been abandoned, as young men and women go to the cities in search of jobs in offices that have sprung up on the strength of the oil boom. The average age of an agricultural worker is now 40 and rising. The rural population has declined from 71 percent of the total population in 1960 to 56 percent in 1980.

As oil brought in money, the authorities neglected agriculture. Low public spending on rural facilities and poorly planned agricultural programs accelerated the decline in food and cash crop production. What Nigeria did not grow, the authorities assumed, it could buy with oil revenues.

But the government is now fear-

ful of the long-term implications. Oil reserves will probably last 20 years at best and, in the meantime, food imports threaten the balance of payments. Under President Alhaji Shehu Shagari, the government has moved to reverse the trend of falling production.

The 1981-1985 development plan gives agriculture priority. Even if oil revenue shortfalls force planners to trim the plan, agriculture should keep its claim on government resources. It is to receive 13 percent of total plan expenditure — currently set at 82 billion naira — against the 6.5 percent it was allocated in the previous plan. The government hopes to push agricultural production growth to 4 percent during the plan period and to become self-sufficient in food by 1985.

Unlike past programs, the new "Green Revolution" strategy acknowledges the crucial role played by small landholders, whose two-to-three-hectare farms produce 97 percent of the agricultural output. A key factor is the Agricultural Development Projects (ADP) program. Introduced by the World Bank on an experimental basis, pilot ADPs substantially increased the yields of small farms, and the program is to be expanded. "The ADP program is one of the few ag-

riculture schemes that has ever worked in Nigeria," said a World Bank spokesman in Lagos.

ADPs are essentially networks of support services organized from central Farm Service Centers, which provide farm inputs (fertilizers, chemicals, seeds and machinery), training in improved methods, credit, marketing facilities and other extension services. An ADP project can also include the construction of rural roads and irrigation facilities, and price subsidies on materials.

The government would like to extend the ADPs to the entire country but the cost is prohibitive. Instead, the pilot ADPs will be expanded in the seven states that participated in the original experiment: Kaduna, Sokoto, Bauchi, Borno, Plateau, Kwara and Niger. Other states will receive scaled-down ADPs called Accelerated Development Area programs (ADA). These will include many core elements of the ADPs, such as basic extension services, help with input distribution and rural feeder roads. When money is available, the ADAs will be upgraded to full ADPs.

The ADP-ADA program will cost 2.3 billion naira from 1981 to 1985. The federal government will meet about one-fifth of the bill,

with the balance provided by the individual states and World Bank loans.

Farmers not immediately covered by the ADP-ADA program are not ignored. All farmers are to receive subsidized fertilizer. If current subsidy policies continue, the government's fertilizer bill by 1990 will equal nearly one-quarter of the public expenditure for agriculture.

Road Network

The development plan includes provisions for improving the general rural road network. Less than 10 percent of the rural feeder roads previously built by the government have all-weather surfaces, and many roads wash out in the rainy season. Nigeria has less than 4 percent of the advised minimum mileage of all-weather roads at present, but the government hopes to increase the figure to about 50 percent by 1985 at a cost of 700 million naira. Efforts will be concentrated on the most productive agricultural areas.

The other main rural infrastructure weakness, poor water supply, is also dealt with outside the ADP-ADA programs. Facilities to irrigate 1.4 million hectares are planned, while 1,500 bore holes are to be drilled.

The 900-million-naira irrigation

program will be supervised by Nigeria's 11 River Basin Authorities — federally funded organizations with responsibility for developing resources in the major river valleys. They also provide some extension, input supply and marketing services to farmers within their boundaries.

Efforts are being made to improve producer prices. Low returns in the past have caused farmers to smuggle produce into surrounding Francophone countries, where they are paid in CFA (for African Francophone Community) francs, a hard currency. Immediately after taking office, President Shagari raised prices for the cash crops bought by the government's commodity boards (administered by the central bank), but a comprehensive price policy has yet to evolve.

Credit Reserve

Finally, apart from the special credit facilities in the ADP-ADA program, the government is improving credit nationwide. Commercial banks have been instructed to reserve 8 percent of their loan money for agriculture, up from the 6-percent requirement. In addition, banks are being forced to open branches in rural areas, and the government's Agricultural and

Cooperative Bank is to have its lending fund substantially increased.

A credit problem remains, nevertheless, because small producers have no collateral, and most loans therefore go to large producers. The Agricultural Credit Guarantee Scheme, intended to protect banks against unsecured loan defaults, covers only 75 percent. Banks want 100-percent coverage.

While the plan focuses on the small holder, the government is also anxious to encourage large-scale production. Unlike in the past, the role of private enterprise will be emphasized, and increased incentives are being devised to attract investors.

In an attempt to entice foreign companies to bring in agribusiness technology and capital, the government earlier this year raised the foreign equity limit on agribusiness investments from 40 percent to 60 percent.

Consolidation

In answer to potential investors' complaints that it is virtually impossible to obtain clear title to large tracts of land, the government has stepped in with a land consolidation scheme. Previously, investors found that negotiations with small holders took an inordi-

nate amount of time, and often relatives of former residents would turn up years later claiming title, as the land was originally held on a communal tribal basis. The title problem is particularly acute in the south. Under the new proposal, the government will negotiate leases in many cases, contributing the land as its share of a joint venture with the interested investor.

Finally, the government recently announced that it will contribute to the cost of land clearance, which can run from 500 to 1,000 naira per hectare.

The investment incentives are slowly paying off. In June, Beatrice Foods of the United States announced plans to invest \$150 million in an 80,000-acre tomato growing and processing operation in Plateau state, and many other companies are exploring investment possibilities.

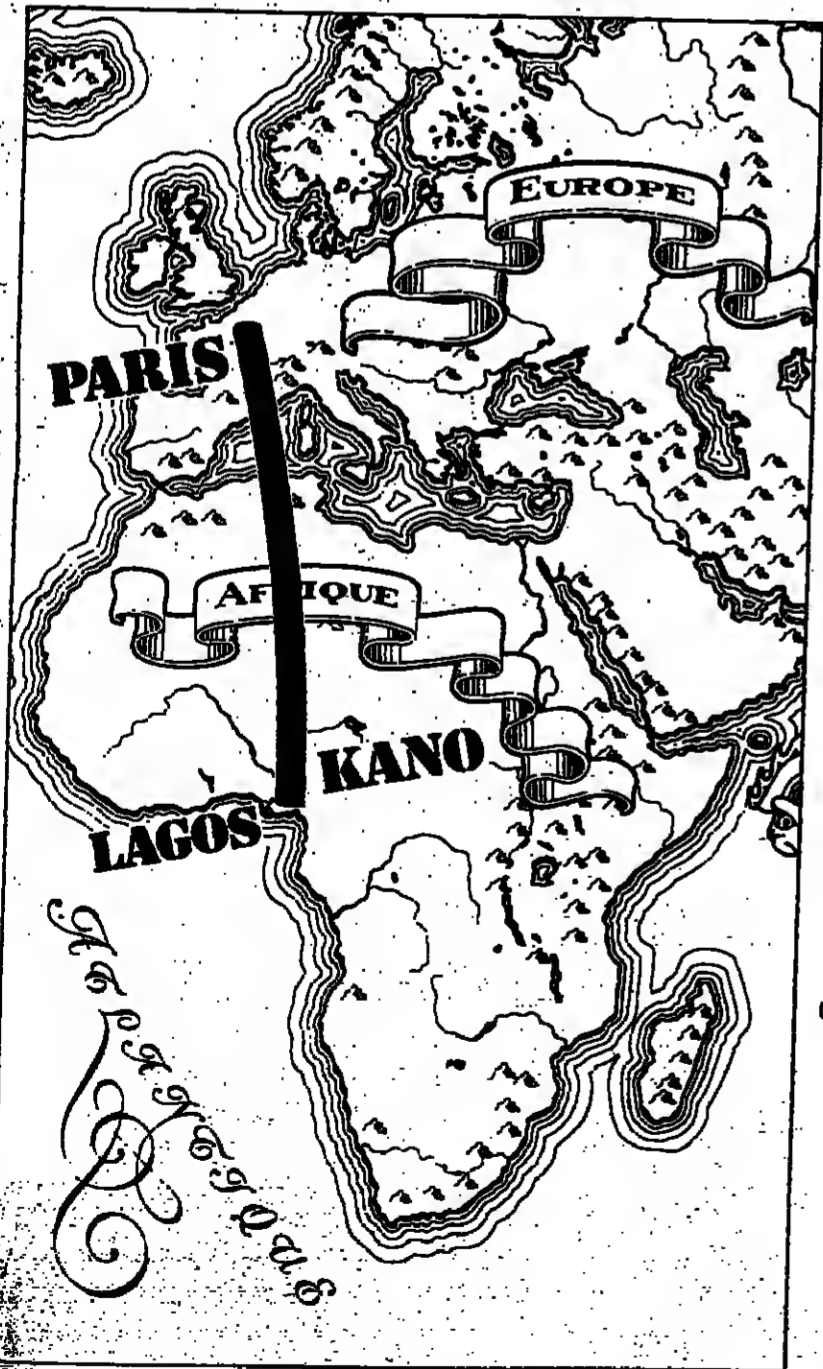
Nigeria is clearly addressing its

agriculture problem with renewed vigor, and some improvements can be expected during the next five years. But an important issue remains.

If the present domestic production policy continues, it will increase food prices for consumers — high production costs make local supplies much more expensive than the imported equivalents. If local production takes off, as the government hopes, and if local produce is protected by import tariffs, as is likely, the consumer will lose out. The government may then face political pressure to readmit the cheap imports, which will undercut the local producer, forcing him to sell at an uneconomical price. In such circumstances, incentives for both the large and small producer will decrease, and production could well stagnate again.

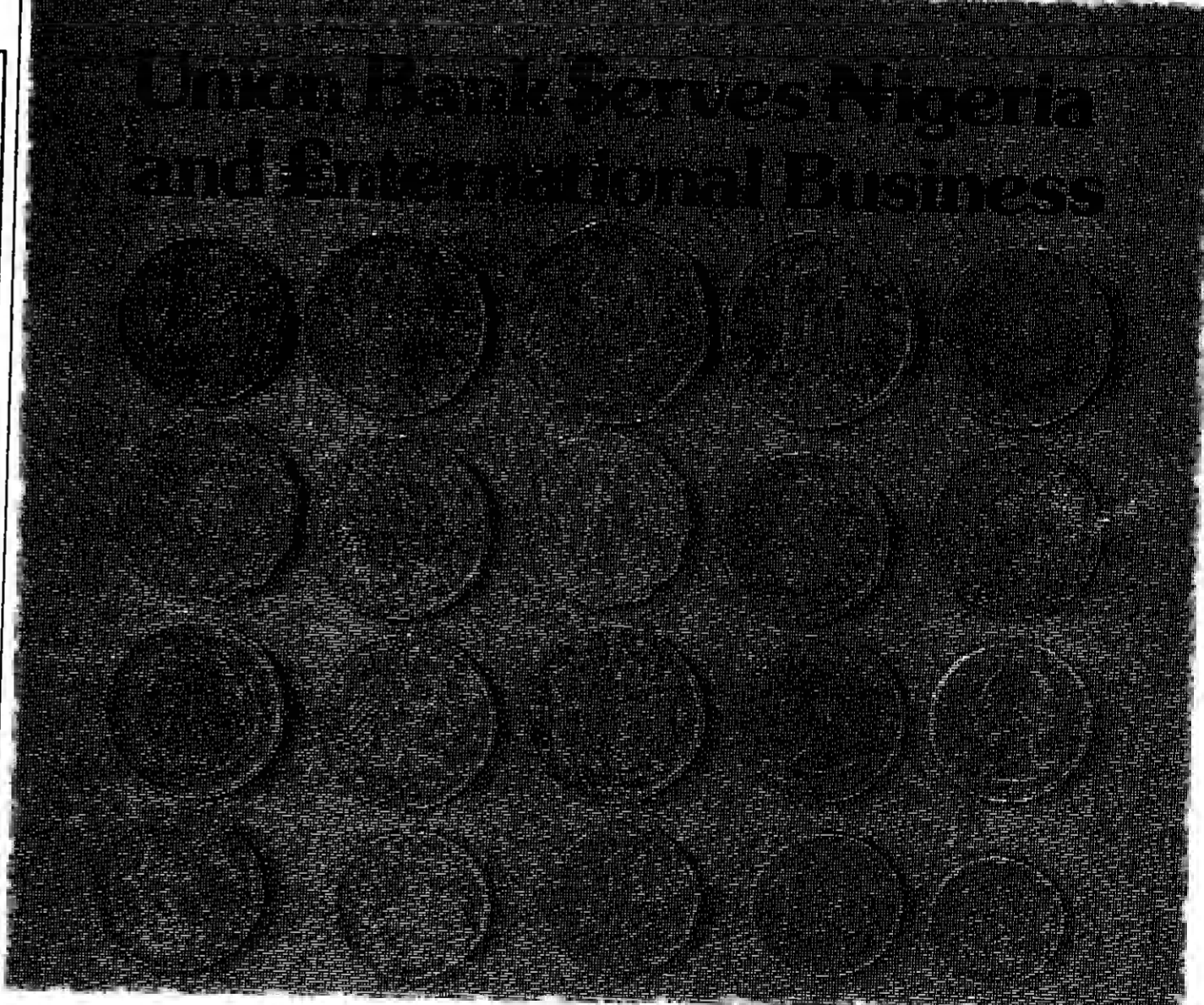
— GILLIAN GUNN

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NIGERIA

Railroads and Highways Are Expanding

RAILWAY construction was begun in Nigeria in 1898 — when there were no good roads except those within townships — to develop agriculture and mining for export and to facilitate government administration.

When the main line was completed in 1927, it formed the backbone of the railway system for more than 30 years. Except for the building of feeder branch lines in the 1930s, no major construction took place until 1959, when the 398-mile Kuru-Maiduguri extension in the north was begun with the help of a World Bank loan and local financial resources. When this project was completed in 1965, the rich northeastern area was at last linked with the rest of the country.

The railway system, which now totals 2,180 miles, is run by the Nigerian Railway Corp., a statutory body that took over the assets and

liabilities of the Government Railway Department in October, 1955.

The railway is predominantly a long-distance carrier of freight, passengers and imports. The main line can handle 24 trains a day in each direction on the Kano-Kaduna-Minna Section, 20 on the Minna-Lagos and 18 on the Kaduna-Kafanchan-Port Harcourt section.

Major Employer

The railway is reportedly the largest employer in Nigeria, with a labor force of more than 28,000.

The federal government has approved the conversion of the railway system from its 1,067-millimeter gauge to the standard gauge of 1,435 millimeters. The first phase of this construction is expected to start from Port Harcourt to Makurdi and Oaukpa to Ajaokuta, a total distance of about 430 miles.

The earnings of the Railway Corp. are expected to be about 80

million naira this year, a considerable improvement for which Railway India Technical Services — the team invited by the former military government to take over the management of the railway in 1979 — can take credit. In 1978, before the Indian team came, the corporation reportedly earned only 30 million naira.

The railway believes that passenger traffic will reach a target figure of 12 million this year and a record of 18 million by 1983.

About 3,000 Nigerians have had on-the-job training in various technical divisions of the corporation, while 500 have been sent overseas for training and will have returned to Nigeria by next year.

Road System

The first trunk road in the hinterland was constructed in 1905. Rough roads were no doubt in existence in Lagos and other

parts of the country at the beginning of the 20th century. The main purpose of early road construction was to facilitate the movement of agricultural products to the ports for exporting and the transportation of manufactured materials from the ports to the townships.

The road system has expanded tremendously. In 1977, it measured about 70,000 miles, and the government has been undertaking a major construction program. The highways account for about 70 percent of the movements of goods and persons and are the dominant mode of transportation.

Over the years, successive governments have attached importance to road development. In the 1975-1980 development plan, for example, an estimated total of 7.3 billion naira was allocated to capital expenditure in the transport sector, about 5.34 billion naira of that for roads.

— JIMOH GBADAMOSI



Victoria Island — one of the havens from the rigors of modern-day life in Nigeria.

Humor, Patience Overcome Hustle, Bustle

THE HUSTLE and bustle of life in Nigeria — which sometimes appears to be sheer confusion — often arouses frustration, but it can be taken philosophically. As in any part of the world, humor, patience and determination make for the best chance of success — only in Nigeria you often need more of all three.

Unless the visitor is in the haven of Victoria Island, Lagos is as much of a city bursting at the seams as it ever was. Many of the new expressways are liable to be congested for several hours a day, and the side roads and slums are no less disorderly and hazardous than they were shortly after the civil war, when conditions first declined seriously.

The most visible public activity is petty trading at market stalls and by "go-slow" boys, who make up a mobile hardware and soft furnishings store ready to greet the car rider at every expressway turn-off.

Driving is hazardous, with bald tires common, and some of the highway overpasses are showing

signs of disintegration through a lack of maintenance. The problems of housing and sanitation remain severe for the Lagos state government, which is running out of cash to complete its slum clearance and improvement programs.

High Rents

Whole areas of Lagos are without telephones, multiplying the time spent in traveling to find people. The most efficient quarter is the area of Victoria and Ikoyi islands, although few businesses and organizations can afford the high rents there.

The variety of activity in Lagos means that everything is available somewhere, although it may not be easy to find. There has been a surge of reasonable accommodation in Ikeja, which is fast developing as an accessible adjunct, or even as an alternative, to Lagos. In fact, perhaps only the development of alternatives like Ikeja or the federal capital city of Abuja can solve the traffic congestion and other inadequate services in Lagos.

Meanwhile, the national road

network has been generally much improved. It primarily needs local improvements and overall maintenance. The accident rate is still high.

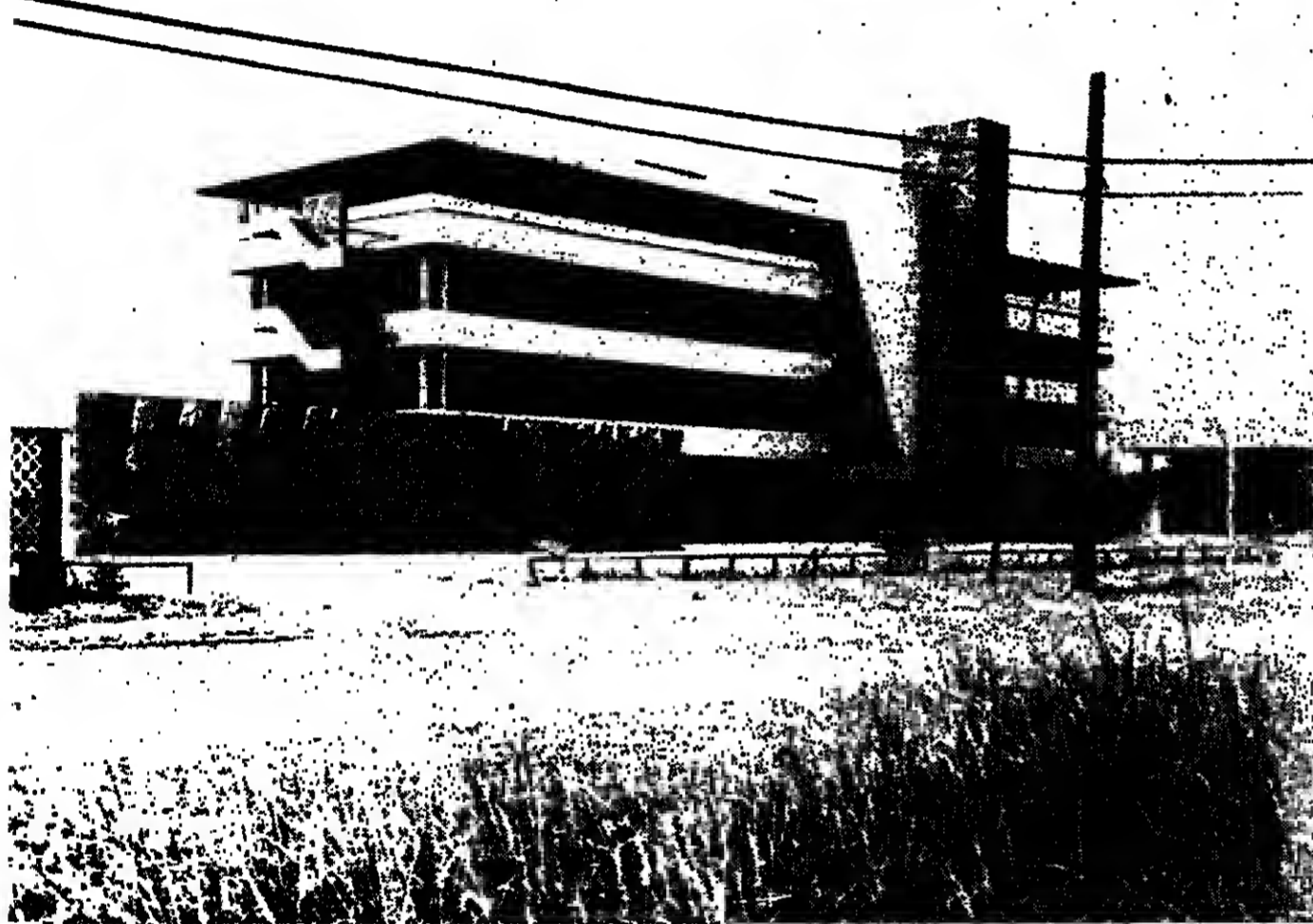
Another hazard in Nigeria is the high level of crime, which results from widespread disorganization and high urban unemployment. Earlier in the year, there was a spree of what is referred to as piracy, the raiding of ships at anchor off the ports. No such cases have recently been reported, perhaps because of a combined military and police operation to control them. There is still robbery on roads at night, although the police claim to have controlled the situation.

These problems are symptoms of a rush for wealth by Nigeria and many Nigerians. Two worlds coexist in uncomfortable proximity: great wealth and harsh poverty. Huge sums are committed daily to construction and development projects, and it is hoped that the spending will filter down to improve the standard of living.

Although the speed at which some of the biggest business is transacted creates an illusion of development, nearly all parts of the country are in dire need of basics. The large cities in particular are deprived of refuse collection in most areas, while sewage, drainage and water supplies are inadequately maintained. "I sometimes think we are the most underdeveloped of all the developing countries," a Nigerian businessman said recently.

Surprisingly, the traditional courtesy and politeness are not diminished by the difficulties of life. Only in situations where the sheer crush of people raises tension does the good humor evaporate. The labyrinthine arrival and departure procedures at Kano International Airport and money-changing in crowded banks illustrate the bureaucratic inability to cope. But for the most part, visitors can expect both help and a concern for their welfare when they are in difficulty.

— RICHARD SYNGE



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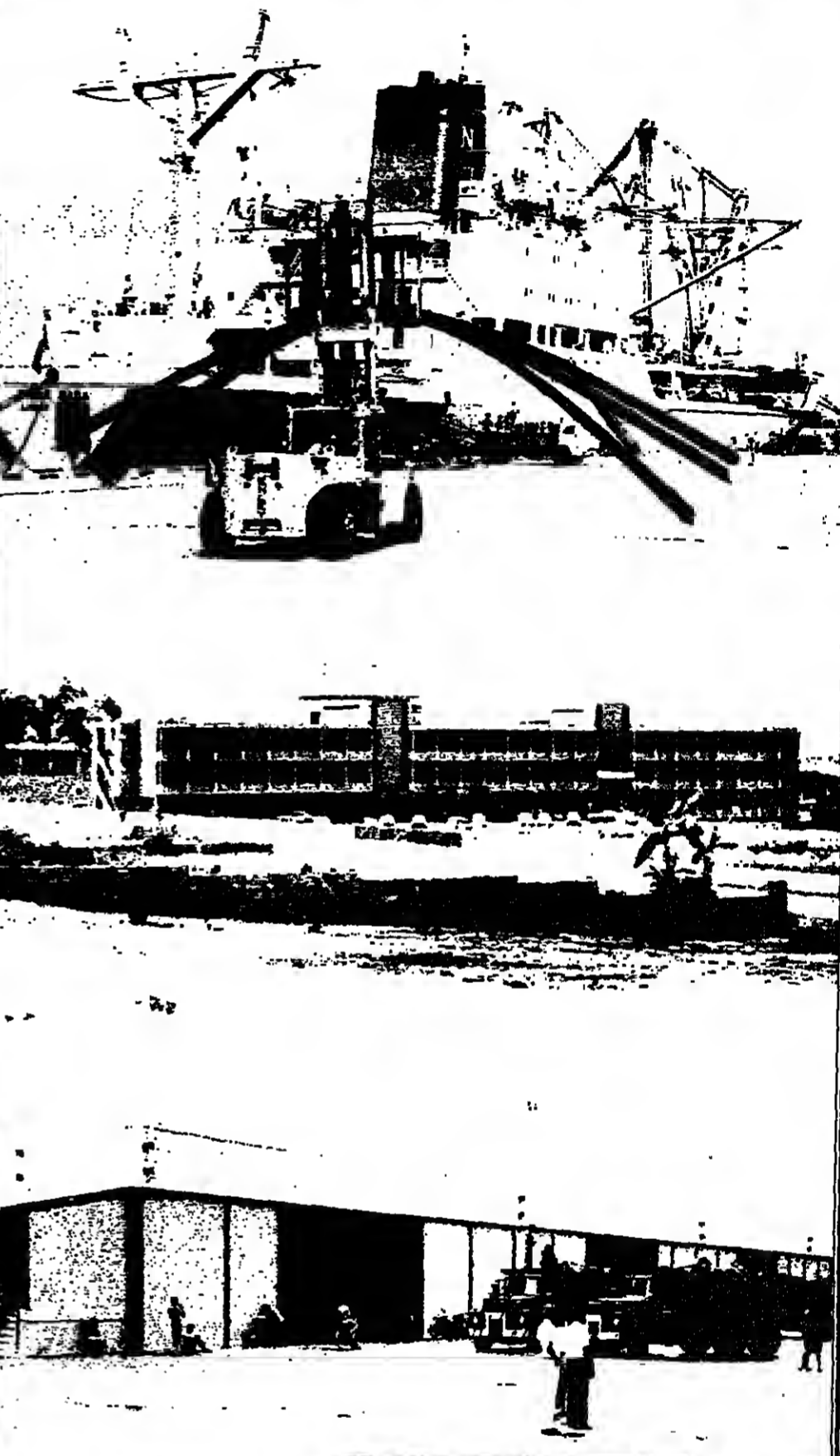
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THE BRAND NEW PORT OF CALABAR By Rupert Bibra

The Nigerian Ports Authority (NPA): Just to give you an idea of the size of the NPA and of the volume of trade handled by it, during a twelve month period in 1978/79, 6,322 ships sailed to Nigerian ports and their net registered tonnage totalled 68.5 million tons. The major ports are Tin Can-Apapa-Lagos complex, Port Harcourt, Warri and Calabar and the 3 Oil Terminals of Escravos, Forcados and Pennington (453 of the ships and 28.9 millions of the overall tonnage).

This page is devoted to Calabar because the shipping world appears to have clung to misconceptions about "an old-fashioned and small shallow water port up a winding river" - quoting a Sea Captain who must have out of date business books. The NPA's annual £2 billion from General Mustafa Muhammad to modernise its ports during the 3rd Development Plan period - in those days ships had to wait up to 180 days before unloading and often over 300 ships would be at anchor beyond the Lagos Bar. In 1979 the NPA brought on stream 4 new ports - Tin Can, Apapa Container/RoRo, Warri and Calabar - and so at a stroke caught up with the logistical problems that had cost Nigeria billions of \$s. Warri's new port was built to serve the central and northern hinterland and the new Calabar port was built to serve the East and the North-Eastern states, taking pressure off Port Harcourt and opening up a larger catchment basin for itself to North Cameroon and Chad.

OLD CALABAR: When the NPA took over the harbour installations at Calabar from private operators in '69 these meagre facilities consisted of scattered jetties and wharves located at the foot of a cliff and could not be considered a port in the modern sense of the word. Annual cargo tonnage handled in the years 1969-75 remained around 100,000 tons and only ships with a draught of less than 6 meters could use Calabar at all. The town itself was cut off from the mainland & cargoes for the hinterland had to leave by car-ferry or barge - now there is a bridge. The Norwegian government helped to change all this. Planning for a new port began in '72 and work on it commenced in Oct. '76, being completed ahead of schedule in June '79. Norway, Holland, Belgium and West Germany have all given their expertise to build for Calabar an ultra modern port.

NPA's Port of CALABAR: This selection of photographs has been chosen to show to you this splendid new port and the people who built and operate it: 1/ 5 vessels, each of 160 meters length overall, can be worked from the Esuk Utan quay at the same time 2/ The commemorative tablet for the commissioning of the new port 3/ The RIVER MADA, Nigerian National Shipping Lines, alongside 4/ The Port Manager's office (with clinic attached) 5/ Looking down on Esuk Utan Quay and the Calabar river 6/ One of Esuk Utan's 3 large transit sheds, rigged with Lighting for 24 hour working of the ships 7/ The Port Manager, Mr. Akpan, inspect storage of palm kernels for export in one of the two large warehouses 8/ A large oil tanker, loaded safely at Calabar, is transported swiftly to the North on the new expressway system 9/ Bishop Usanga amuses Colonel Omu and Chief N'Kpang, the AGM of NPA 10/ Alhaji Tukur, NPA's General Manager, helps at the hatching of his branchchild - June 9th 1979.

CALABAR lies some 40 nautical miles from the open sea (to Fairway Buoy) and 3NM from the main entrance channel of Cross River. Before proceeding up the Calabar river it is mandatory to embark a Pilot off Parrot Island. There are presently 26 buoys marking the channel - in '79 dredged to more than 7 meters below chart datum and now being further deepened to 9 metres - up the Calabar river and there soon will be 52, bringing buoyage to the highest international standards. Proceeding up river, Calabar at first sight doesn't seem to have changed much but two new buildings have joined the old skyline of the Catholic Cathedral and the Hope Waddell school chapel - Atlantic House is the new HQ of the Nigerian Palm Produce Board (in 1980 they exported 53,800 tons from Calabar; they operate in 15 states but Calabar is the centre) and the brand new Mercantile Bank Building (a bank that made Naira 12 million net profit in '80) now dominate the skyline. As the river takes its 'S' bend - this is what limits ships' length to under 180 meters - to Esuk Utan Quay, ships will pass the small battle scar'd Dockyard, the Naval Base and the old harbour. Then comes the large Cement works before vegetation closes in again on both banks and the mooring buoys for lighter discharging appear over by the western bank of the river. The river is

still tidal here with a maximum rise and fall of 1.56 meters, and as the ship completes turning through the 'S' bend the new Army 'Armoured River Patrol' Depot boxes in sight. Immediately beyond it lies the Calabar Port Development - just as you see it in these pictures. Shipping lines removed the 5% shallow water surcharge for Calabar designed cargoes in '80 and Hamburg based COWAC now offer a discount on cargoes routed through Calabar, UKWAL may follow. Yet shipping lines and Forwarding/Clearing Agents are being slow to take advantage of the faster turn-round that Calabar now offers. In 1980 Cargo throughput barely exceeded 200,000 tons and even the 195,357 ton figure for the first six months of '81 is a poor one when one considers that Calabar can work up to 18 ships at the same time and should handle one million tons per annum as of today's preparedness.

TECHNICAL SPECIFICATION: For approximately 100 million Naira spent so far, Calabar has its new deeper approach channel, an 860meter quay, large modern transit sheds and warehouses, a very large tarred area for stacking containers & for parking, secure boundaries (the police and customs offices command a view of almost all the fenced area of the port), bunkering by MOBIL, 13 metres of water alongside the quays and for the turning basin, dual-carriage linkage to the new Expressway system, direct access to a new industrial zone (the first factory, MATCHES - about to be commissioned) and Free Zone - where it is hoped Chad and Cameroon will build warehouses, engineering workshops, a fire station and all modern services - including workman's canteen - all round the clock. Just write to the Port Manager, or telex him on 65107 Answer-back PAMBOD for the full technical specifications - or ask your shipping agents (Amami, Express Reliance, Iboku Commercial, Joki, Panalpinis, Triana etc.) or your bank (Union Ist, UBA all have Calabar branches, quite apart from MERCANTILE HQ).

At the time of writing, Calabar is taking delivery of 9 Portal Cranes of 3-5 ton capacity that will be mounted on the rails alongside the Esuk Utan quay. These will be backed up by 6 mobile cranes of 25-30 ton capacity and 56 Forklift trucks from 3-30 ton capacity. In the '82-'85 Plan

for Calabar's development, orders have already been placed for one Portainer crane (a million Naira 'Portique') and a Ro-Ro Platform. Of course Calabar must have Portique and Roll on-Roll Off capacity by '85 Containerization offers 3 times the handling speed of conventional methods but not all cargoes are suitable for it. The Container/Ro-Ro quay will be built next to Esuk Utan quay in the direction of the Army Depot (down-river), whilst more of the General Cargo handling quays can be built up-river towards the Turning Basin as traffic grows - plans are flexible, but Calabar has spare capacity NOW and shipping lines should be aware of it.

PROGRESS: Calabar is beginning to perform its new functions - offered by the modern port and Expressways to the North & North-East: Ikom, Ogoja, Katsina-Ala, Jalingo, Yola, Maiduguri, Ngala etc. Branches of this road reach Plateau & Kano states and good paved roads extend into Imo - Anambra states. As Agriculture begins to climb back to its mid sixties peak (both the Rubber & Cocoa boards have offices in Calabar) much larger tonnages of produce will be shipped from Calabar - rubber, palm kernels, palm kernel oil, cattle cake, groundnuts and coconuts, plus limestone & gravel and in turn, imports of rice and wheat will increase. The Nigerian Palm Produce Board alone could double its exports through Calabar as harvests head back to 1965's 205,000 tons peak (not ALL through Calabar). New mobile conveyor belt equipment - flown in by Hercules - is being tested at Calabar. Limestone exports to the 'Russian' steel mill promise important new business. Ashland has joined Mobil in moving its Nigerian HQ to Calabar and ancillary organisations will now follow. The gravel wharf up river from the Turning Basin continues successful operation - Coastal traders load up to 1,500 tons per ship & transport this freight to Port Harcourt. Other major businesses in the area include the Nigerian Newsprint Co. and the Palm Kernel Crushing mill (at Abak), the Flour Mills, the Cross Rivers State Brewery and Asbestonit Co. - who will be next?

Write to NPA, 26/28 Marina, Lagos - the PRO's Office or, direct to: The Port Manager, N.P. Authority Building, Calabar - Esuk Utan, telephone no. 221179 Telex no. 65107, Answerback PAMBOD.



Budget Reviews Accompany Vicissitudes of Oil

NIGERIA has felt the recent worldwide oil surplus in two ways: a severe slump in the value of exports in the third quarter of the year, and a drop in the federal government's revenues, affecting expenditures for the rest of the year and into the early part of 1982.

While some erosion of the foreign exchange reserves — which stood at more than 5 billion naira for the first six months of the year — is expected by the end of 1981, the balance-of-payments situation appears to be manageable.

Venturing a forecast for total 1981 foreign exchange flows, the president's economic adviser, E.C. Edozien, said recently that the net outflow would be about 14.3 billion naira and the inflow (export payments) 13.4 billion naira, leaving only a small reduction in reserves over the year.

If the payments situation is easier than some economic commentators have predicted, the same cannot be said of the operations of the federal and state budgets.

Health Services

Some federal ministries have had financial difficulties for some months, following an earlier government decision to reduce public expenditure. Especially hurt were health services. Educational spending, largely a state government responsibility, has also been hurt to the extent that some states can no longer pay their teachers.

Some states have recently announced cuts in capital and recurrent spending. In Ogun, the cuts are about 25 percent for new projects and 15 percent in operational spending.

Confirming the need for government austerity, the president's budget director, Chief T.A. Akiyeye, recently announced that

The competing demands of various projects pose a thorny problem for economic planners.

budget estimates for 1982 would have to be cut by 30 percent.

Given the predominance of the public sector in Nigeria, it is clear that by regulating the annual budgets to suit present economic constraints the government will also have to apply the brakes to parts of the ambitious 82-billion-naira 1981-1985 development plan.

The Planning Ministry is proposing no serious revisions of the plan. An official notes that annual budgets many reorder some of the expenditure "but what is in the document itself remains intact as a total picture of our needs." He added: "It is difficult to see what will happen over the next five years. If the oil sector picks up, it should be possible to accelerate the process of plan implementation."

The plan remains a useful measure of the government's economic ambitions. Some of its original assumptions, however, have to be reconsidered, notably its anticipation of aggregate budget surpluses during the five years of 33.6 billion naira. But it did accept the possibility of substantial borrowing, on the order of 16.9 billion naira over the five years. This figure, in many bankers' and economists' estimation, could be increased.

It is too early to measure the accuracy of the plan's growth forecasts: Gross domestic product was supposed to increase by 7.2 percent a year, with the manufacturing, utilities and communications sectors increasing by 15 percent a year.

The early signs are that 1981 is a

bad year in which to measure the growth rate. After a GDP growth of more than 8 percent in 1980, including 10 percent in manufacturing, the outlook for the whole economy and especially for industry is not good.

Mr. Edozien recently noted that any economic decline this year would be due to the delay in getting legislative approval for federal and state budgets, combined with the negative effects of trade union militancy earlier in the year and smuggling, which is strangling some industries.

The government is convinced, however, that the economy, as a whole, can still be buoyant during the next 12 months, sustained, no doubt, by the high level of imports and resultant domestic commerce.

Thorny Problem

Setting next year's austerity budget will be a thorny problem in view of the competing demands of projects, with priorities such as Abuja (the new capital city) and Ajaokuta (the country's basic iron and steel industry). The capital spending costs will have to be weighed against the recurrent demands of state governments, social spending, the armed forces and the river basin authorities.

For big projects, the government does have the possibility of raising foreign and domestic loans. "The capacity for borrowing is there and so is the servicing capacity," a merchant banker said. Meanwhile, however, the government's creditors are noticing the application of the more usual government procedure for coping with inadequate revenues: delaying disbursements.

If the federal government goes for intensified foreign borrowing, it will want to control the situation and it has issued warnings to state governments who have assumed that they have continuing access to foreign loans. Finance Minister Victor Masi rebuked the state governments in August for seeking foreign loans and said his ministry would no longer be so keen to grant approval for them.

The government is determined to continue to direct large sums into agriculture, a sector that is not necessarily going to respond in the planned manner, although at the very least this can slow the drift from the countryside to the towns.

Much of the emphasis in the "Green Revolution" program is on rice production. Maize is also re-

ceiving attention. Through the agency of both the World Bank and the 11 River Basin Development Authorities in the country, small and large commercial projects are being put together throughout the country.

The introduction of advanced-technology agricultural schemes is made possible by the setting up of the Joint Agricultural Consultative Committee with U.S. agribusiness firms. A U.S. company is expected to join in establishing a major rice project in the near future and rice mills around the country. Rice milling has been moved from the category of businesses that have to be 100-percent Nigerian-owned and can now have up to 40-percent Nigerian participation.

The government has also agreed to pay 50 percent of the land clearance costs of any approved agricultural project involving foreign investors. It may also step in to resolve land tenure problems if necessary.

Western agricultural experts say that Nigeria is unlikely ever to produce enough rice for its needs but that there is a good future in maize, although farmers in the potential maize areas are unwilling to stop growing the traditional crop of millet, which is not as versatile in its end-uses as wheat or maize would be.

Exports

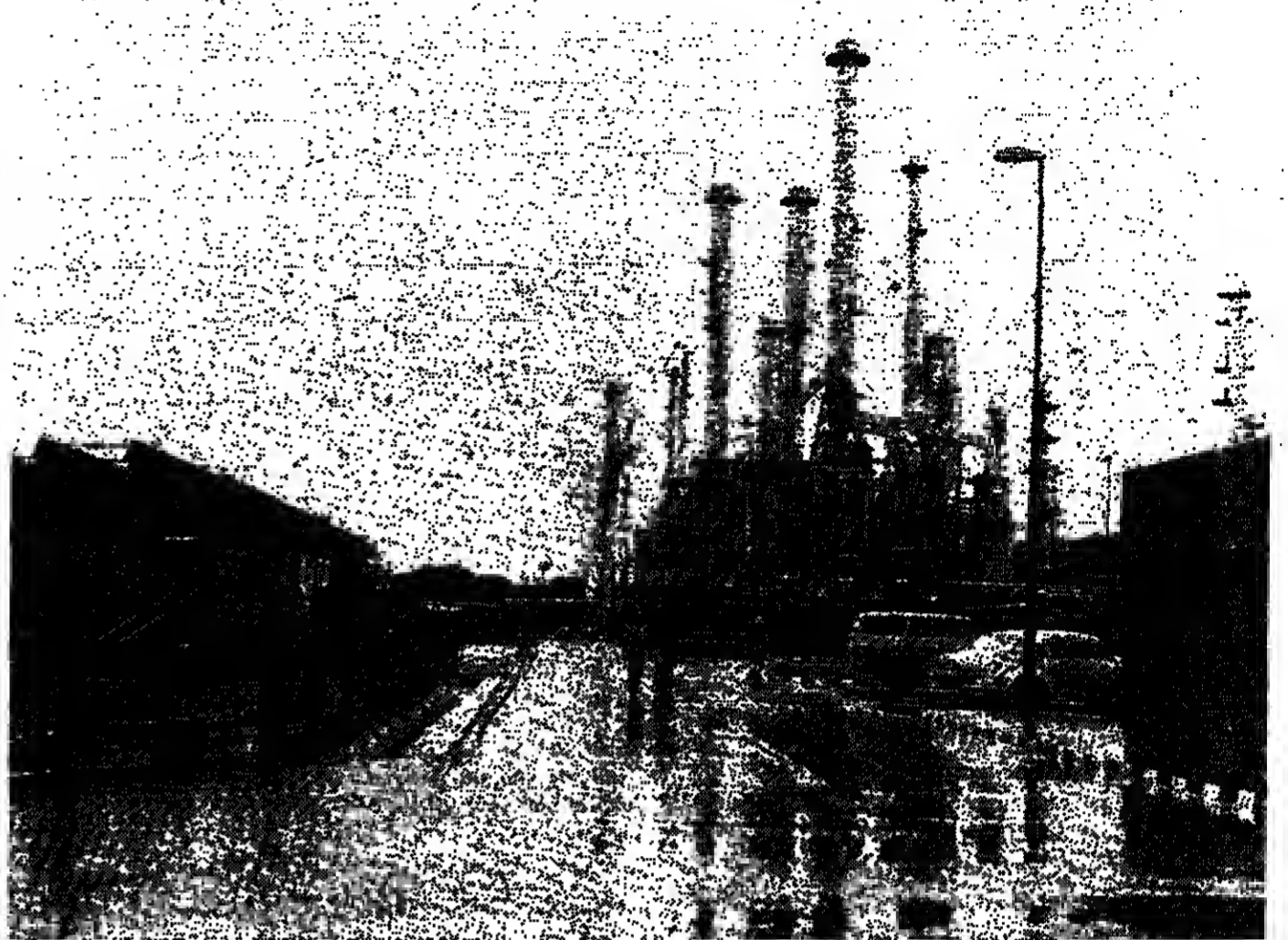
Whatever the needs for diversification of economic activity in Nigeria, the country is forced by circumstance to look hard at its future as an exporting nation. So far only natural gas presents itself as a potential export substitute for oil.

There are serious questions over the ability of the country to sustain its present level of imports, which have doubled since October, 1979, to 1.2 billion naira a month.

The rising cost of imports is due as much to development expenditure and the arrival of heavy machinery and capital equipment as it is to the importation of food. Neither of these two areas can be curbed easily, leaving the area of consumer goods as the only possible target for import cuts.

It would be politically difficult for the president to announce any import cuts, as many of his supporters remember the effects of the former military government's import bans of 1979, when many traders and contractors went out of business. In fact, from these quarters there is pressure to lift some of the remaining bans. In the meantime, the flourishing smuggling activities in the south show no signs of abating.

— RICHARD SYNGE



The Nigerian National Petroleum Corp. oil refinery at Warri.

Slumping Oil Market Poses Challenge to the Economy

(Continued from Page 7S)

tion many reach 10,000 (of whom perhaps 2,000 will be foreign technicians) with housing, food and recreation requirements.

The 16 gas carrier ships for Bonny are estimated to cost about \$200 million each and the discussions on the shipping side are not completed, according to Nigerian sources.

If the project's signing ceremony takes place as scheduled next year, Nigeria will be well on the way to earning a steady income by the end of the decade. Under the terms of the sales contract initiated by the consumers, there need be no fluctuation in output as has been occurring recently with oil — this

As the new NNPC board of directors looks at the company's reorganization, it will have to take into account the diminishing role of oil as an export and its replacement by gas.

is the firmest attraction of the gas project.

Plans are also under discussion for domestic applications. A power station near Lagos is to be powered by gas, but there has not yet been a decision to install a nationwide gas supply grid.

As the new NNPC board of di-

rectors looks at the company's reorganization, it will have to take into account the diminishing role of oil as an export and its eventual replacement by gas. The formation of a specialized gas division is expected soon.

The NNPC has other responsibilities, too. The Lagos Daily

Times recently noted that emphasis should be placed on promoting self-reliance in the technological aspects of oil production for the time when nearly 50 percent of production will be for domestic use.

The paper summed up the situation as follows: "At a time when the international oil market is again bedeviled by a politically inspired oil glut which is somehow having a telling effect on the national economy, the new NNPC board will require all the patriotism and expertise it can muster to ensure that this country derives the maximum benefit from the oil sector."

— RICHARD SYNGE

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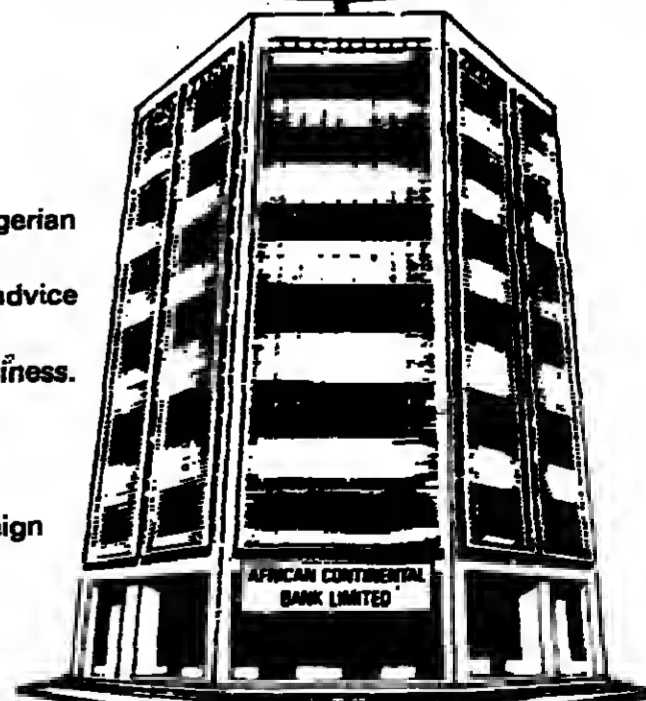
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NIGERIA

**Help of Foreigners
Creates Frustration**

WE ARE LIKE the buyer of a house who every day has to call in the architect to turn on the lights." That is how Dr. Felix Ogburn, a director in the new Ministry of Science and Technology, describes Nigerians' frustration at their dependence on foreign companies and experts.

During the last decade, that frustration has led to a surge of economic nationalism as Nigerians, rich in oil but lacking in expertise, seek to reduce foreign control over all aspects of national life. Successive governments have focused on the issues of foreign investment, technology transfer and the employment of foreigners. But Nigeria needs the foreign services and so the government seeks to promote "Nigerianization" without scaring away foreigners.

The most visible manifestation of increased nationalism is the 1977 Nigerian Enterprises Promotion Decree which limits foreign investment to the sum of "promoting and protecting Nigerian participation in all areas of the economy."

The decree divides business activity into three "schedules." Depending on the sector's level of technology and capital intensity, investment must include 40 percent, 60 percent or 100 percent Nigerian equity. Generally, the more sophisticated the operation, the more foreign equity permitted.

Companies' Reaction
Some companies, such as International Business Machines Corp., decided to withdraw from Nigeria after the decree was issued in July, 1977, rather than surrender absolute control over their subsidiaries. Most have returned — and IBM reported record Nigerian profits this year — but the decree did slow the pace of new investments.

Nigeria is aware of the decree's chilling effect on investors, and recently adjusted the investment categories to attract business. Most significantly, the foreign equity

limit for agribusiness investments has been raised from 40 percent to 60 percent. "There simply are not enough Nigerians coming into the agriculture sector," a spokesman for the Ministry of Agriculture said. "If we are to feed ourselves, we must permit greater foreign participation."

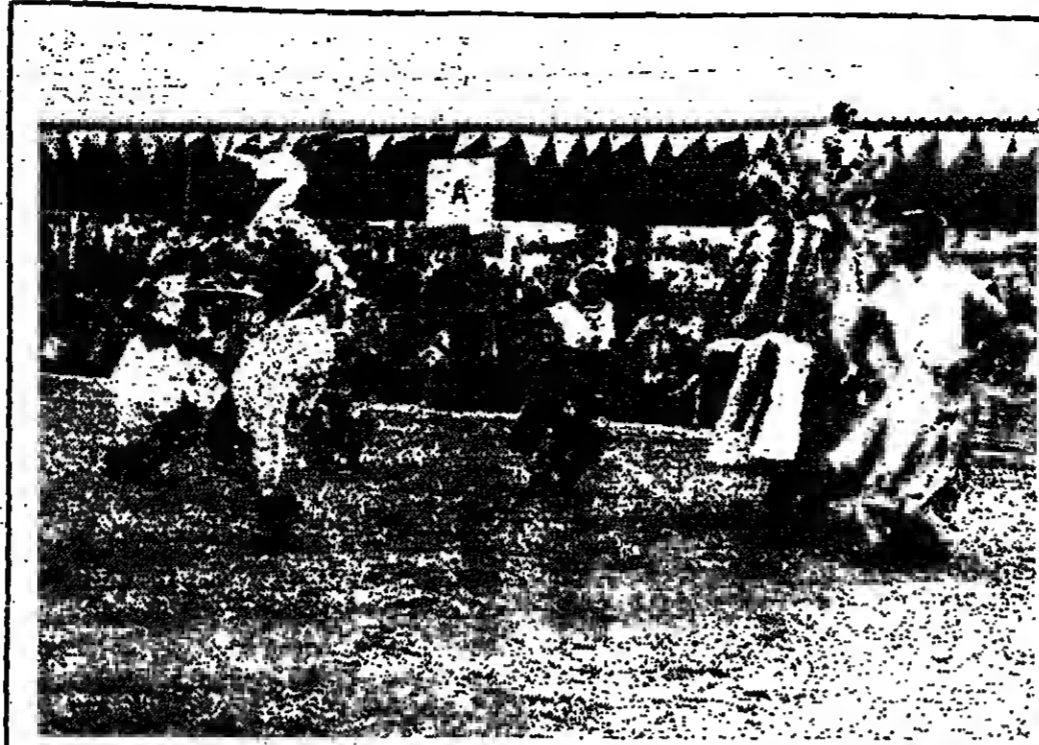
In addition to the 1977 decree's restrictions, foreigners' activities are limited in certain strategic sectors. The government owns and operates the railroads, telephone and electrical services, and holds a minimum 55-percent stake in companies manufacturing iron, steel, petrochemicals and fertilizers or distributing petroleum locally.

The nationalist sentiment is also evident in the new National Office of Industrial Property legislation. Established in 1979 but dormant until this year, the NOIP examines trademarks, management and technical agreements between Nigerian and foreign firms to ensure that the technology transfer terms are "fair." Objectionable agreements are denied foreign exchange approval for payment.

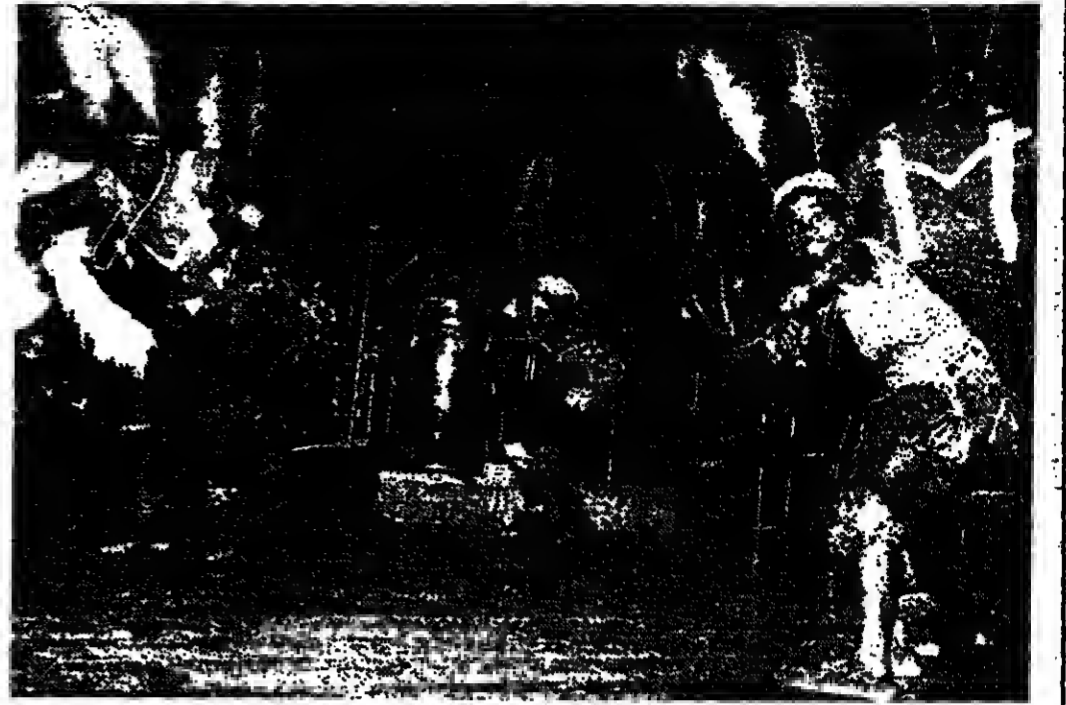
Profit Motive
"Because of the profit motive, companies supplying technology don't want us to develop the absorptive capacity to redesign and implement that know-how," an NOIP spokesman said. "They want to sell us the same technology again and again. The NOIP will stop that."

Among the grounds for denying approval are: overpricing, the forced purchase of unwanted gadgets, limits on the use of the technology, obligations to buy related technologies only from the original supplier and restrictions on local development of foreign techniques. The law also forbids agreements that require contract disputes to be submitted to foreign jurisdiction.

Many foreign companies are disturbed by this legislation and say



DANCING FEET — The art of dancing flourishes as strongly as ever in Nigeria, with performances in modern theaters as well as in towns and villages.



that it could eventually reduce the transfer of technology to Nigeria. A British company said that the law "lowers the threshold at which inconvenience outweighs potential profits." Again, Nigeria has backed off slightly in response, and the government is reviewing the law with the intent of softening some requirements.

The NOIP gives Nigeria the strictest technology transfer law in

Africa, and not surprisingly Lagos is the continent's leader in international debates on the subject. In the negotiations on the UNCTAD International Code of Conduct on the Transfer of Technology, Nigeria is "among the most radical of the Third World participants," a UN spokesman said. (UNCTAD is the United Nations Conference on Trade and Development.)

Concern over the economic im-

past of uncontrolled foreign activity is also behind the government's policies on foreign workers. The authorities believe that Nigerians will not acquire the skills to run their own affairs if top jobs are continually filled by foreigners.

The government makes it difficult for companies to employ expatriates and makes permission contingent upon approval of the firm's employment practices re-

garding Nigerians. When applying for an expatriate permit, the prospective employer must report its program for training Nigerians and its plans for replacing foreigners with nationals. In addition, all firms must contribute a percentage of their total salaries to a central fund. Upon government approval of the company's "Nigerianization" efforts, up to 60 percent of this is refundable.

The government also can simply order the employment of Nigerians. For example, last winter the authorities instructed firms to place Nigerians in executive board positions. They previously had been confined to non-executive board posts.

Despite the government's vigorous efforts, the employment of foreigners will undoubtedly increase during the coming years. The five-

year development plan reports a current shortfall of more than 55,000 professionals and anticipates that this will increase to more than 120,000 by 1985. Nigeria will be able to fill only a fraction of these vacancies with its citizens. The development plan thus concedes: "It will be necessary to continue to facilitate the inflow of qualified expatriate personnel."

—GILLIAN GUNN

**Economic Benefits Sought
From Investment Controls**

WHEN the civilian government came to power, it rapidly saw that industrial policy had to be more cohesive.

The National Party of Nigeria, in its election manifesto, had already written about the need for more order in industry. Once in power, the government put out a document entitled "Nigeria's Industrial Policy and Strategy: Guidelines to Investors." Although it is only a statement of intent, the authorities take it seriously, and it is already apparent that investors benefit from the substantial incentives offered.

Previously, industrial policy had concentrated on import substitution. The new document concludes that "the benefits of this strategy to the national economy have been minimal, principally because of the invariably low local level of value-added."

The 10-percent contribution of the manufacturing sector to gross domestic product is considered low. Output has been characterized by a high level of low-technology light industries. The engineering sector should be much larger, Minister of Industries Alhaji Idamu Choma said. "There is an almost total absence of intermediate and capital goods" in Nigerian industry.

Policy Aims
The authorities want to reduce dependence on manufactured imports, exploit local resources and ensure that technology is transferred to Nigeria. Additionally, they want industry to create jobs.

Investors who try to increase local value added (which roughly is measured as the proportion of local input) will benefit from certain incentives. Local raw materials are to be used wherever possible, especially in agro-based industries. Importers of semi-finished products will be encouraged to start the local manufacturing of such goods.

Manpower development is a crucial part of industrial policy, and investors must produce plans for staff training. For foreign companies, the approval of foreign staff will depend upon the drawing up of such plans.

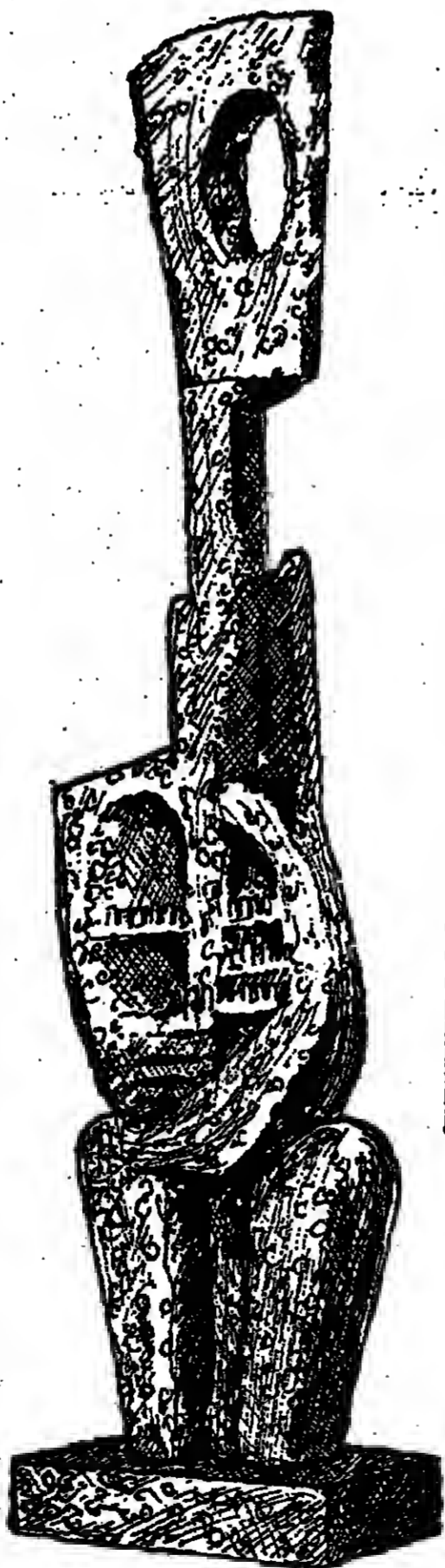
The government acknowledges the role that the private sector has to play in development. It has pledged that, if investors offer an industry of real benefit to Nigeria, the complex process of approval will be streamlined to facilitate the rapid establishment of that industry. The government has formed an industrial development and coordination committee that brings together the available ministerial knowledge on Nigerian industry to judge the value of any single investor and what concessions he is to be offered.

The most important concession for a company is "pioneer status." A firm whose proposed investment is on the list of pioneer industries will get a tax break of three to five years. If a company is given "approved user status," it can import a number of raw materials at highly concessional rates. Income tax provides for the accelerated depreciation of capital investment, and when imported raw materials are used for products that will eventually be exported, the manufacturer is entitled to the reimbursement of the import duty. Import controls have often been used in the past but mainly to fight inflation. There are restrictions on certain imports if they are seen as unfair competition to Nigerian goods.

To encourage the growth of local value added in the manufacturing sector, the government offers companies certain tax concessions proportionate to the level of value added. Such allowances last three years and may be extended.

Although Nigeria has no formal regional development plan, companies that invest in disadvantaged areas will also receive favorable treatment from the government.

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Deposits etc.	2,407,218	1,576,225	Loans & Discounts	1,268,844
Contra A/cs.	918,348	772,169	Contra A/cs.	918,348
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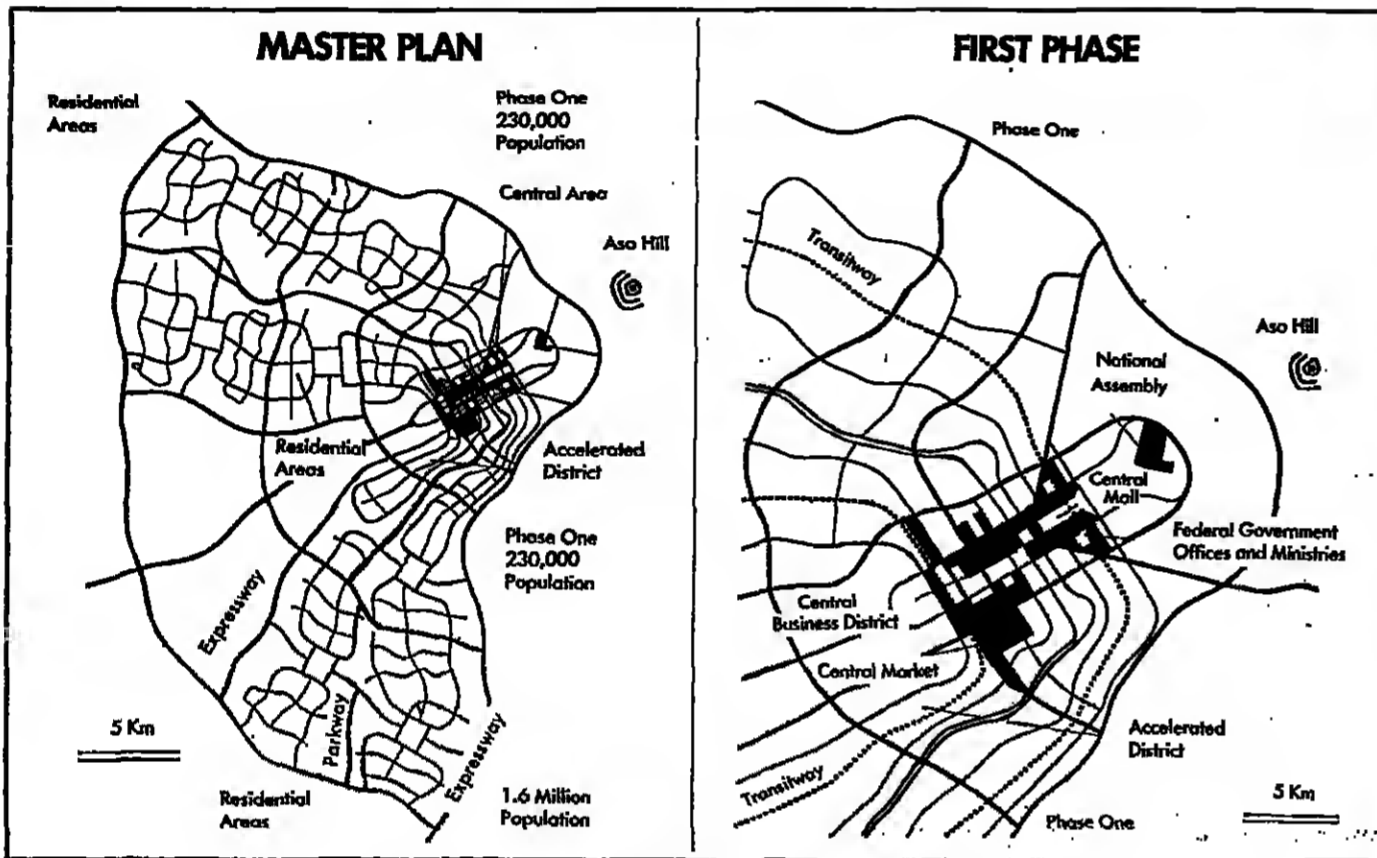
NIGERIA



Gwari villagers are being encouraged to move from the Federal Capital Territory.



There is a flourishing business in building materials in Abuja.



New Federal Capital Rising on Ancient Site

(Continued from Page 75)
 companies. And most estimates suggest that another 1 billion naira has already been committed to the work under way, mainly on the road systems being built by West German contractors Julius Berger and Strabag and by French contractor Dumez.

Coordination Problems
 The problems of coordination are huge for the small FCDA staff, which, 50 kilometers away in Suleja, cannot always see what is happening on the ground. The staff is overstretched in the coordination of plans and quality control. Contractors and consultants have occasionally found themselves duplicating or conflicting with one another company's work.

Another concern among contractors on the site is that the FCDA may have to slow its rate of spending because of the federal government's looming revenue dif-

iculties. With major new contracts coming up, requiring huge "mobilization fees" before work can start, the real importance of Abuja to the federal government will be clearly tested. Abuja has been said to be "Priority No. 1" under the 1981-1985 development plan, but there are other priorities.

The full costs of supplying Abuja with all it needs have not been publicly estimated, but costs for roads, power and supplies, for example, are already considerable.

A population of 1.6 million has been estimated for the year 2000. This is a realistic figure, but how much of the accommodation for this population can be provided by the building plans envisaged at present is open to question.

Local contractors have been given encouragement to persevere, although much of their work is recognized as not being up to the standards envisaged in the plans. What is surprising is that no provi-

sion has been made for the application of traditional materials and building techniques, which could be aesthetically pleasing and well-adapted to the climate.

Powerful Arguments

Despite the difficulties, Abuja has got under way, and the arguments for pressing ahead are powerful ones. They include the continuing congestion of Lagos and the fact that the search for neutral ground between the three great ethnic groups — Hausa, Yoruba and Ibo — has produced a spectacular site with the potential for good communications with all three areas, particularly by road and air.

The costs are heavy, however, and a semi-functioning new capital is not likely to produce greater efficiency in itself. In most activities, Abuja will not be able to replace Lagos for a good many years.

On the local level, how much the Gwari people will benefit from the

upheaval on their traditional land is not certain. Their old social order is likely to be eroded quickly. The government's provision of new villages, where the ecology is different, and where they have to find new employment, could cause painful adjustments.

The old village of Wuse is now surrounded by the activities of earth movers, bulldozers and cranes and has momentarily flourished as a market providing food for the huge numbers of workers. But its days are numbered. New Wuse has been constructed 70 kilometers away and the old Wuse displays a "last warning" sign that all structures are to be demolished, shortly.

The new Abuja, however modern in conception, is going to need markets, the vital institution in Nigeria. It will be interesting to see if they appear where the planners have decreed, or if they emerge at unexpected corners.

—RICHARD SYNGE

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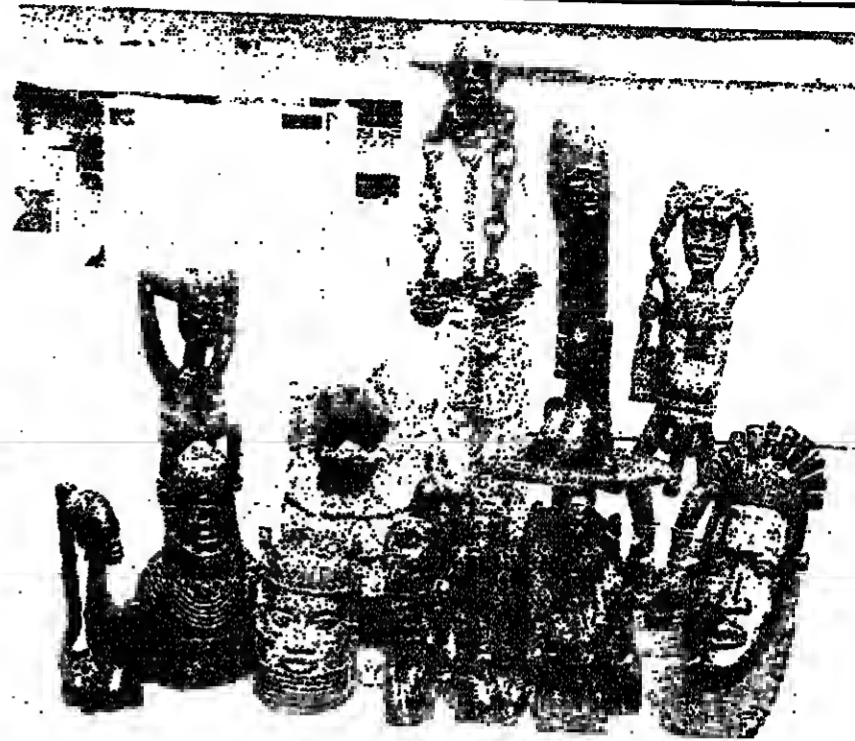
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NIGERIA



PRODUCTS OF THE COUNTRY: Locally designed dresses show textiles turned out in Nigeria; a vendor offers Nigerian-made dishes, and an artisan sells his carvings.

'Exporting' of Country's Doctors Proves to Be Costly — Health System Ends Up Paying the Bill

By Bryan Pearson

DESPITE cosmetic changes and costly new instrumentation, Nigeria's health service is having major problems, and public confidence and staff relations are deteriorating rapidly.

The main factor is the infrastructural weaknesses. New teaching hospitals are built at costs

things, are affected by politics, and it is unfortunate that Nigerians are so "building conscious." Capital expenditures increase, relatively unaffected by cuts, while budgets — not quite so politically visible — suffer setback after setback.

Outside Splendor

The health service is undoubtedly more advanced than most others in Africa, but the splendor one views from without is not always reflected within.

Some of the reasons for these problems are clear: There are approximately 85 million people to care for. While Nigeria wants to be independent, its budget is not limitless. Independence means training Nigerian doctors, and that means teaching hospitals, which are fantastically expensive and, in humanitarian terms, quite wasteful.

There are 13 teaching hospitals — with four more planned — consuming more than 40 percent of national health spending. The result is that Nigeria graduates hundreds of doctors each year. But although their training has been at the expense of the rest of the health service, a large percentage of these highly qualified men and women move either into the private sector or leave for Western Europe and the United States to practice because they find it too frustrating to work within their own health structure. Nigeria has become a net exporter of doctors to the developed nations.

At the other end of the spectrum, Nigeria is trying to develop a primary health care (PHC) program, geared to operating with paramedical health workers. This means that a further area of health

training has had to receive investment capital.

The health planners argue strongly for proceeding on this path. To concentrate purely on PHC, they say, with clinical referrals to district and state hospitals,

would leave the country dependent for years on foreign doctors. Thus, the argument goes, the health service would be accused of quackery by many people — teaching hospitals therefore are vital.

The public is unhappy about the

failure of the nation's investment to make any great changes in the disease pattern. On the other hand, doctors believe that they are underpaid, overworked and frustrated by shortages of essential tools of their trade. They went on strike

for a month earlier this year. When compared with colleagues in other disciplines at the university, for example, they are probably right.

But the days when the title "doctor" was respected by many seem to be ending. Some observers be-

lieve that, to a degree, the fault lies with the doctors' attitude, but that it also lies with the planners who, seeking to satisfy both political and health needs, have made health care boom only in the private sector.

Thirteen teaching hospitals consume more than 40 percent of the national health budget.

exceeding \$100 million, while existing hospitals experience swinging budgetary cuts to finance the expansion. Even in some of the foremost medical establishments, saline drips and basic drugs are not available in the pharmacy.

Often, with the collusion of doctors and nurses, relatives of patients are sent to local patent medicine stores to purchase prescribed medicines at vastly inflated costs. The majority of drugs find their way into the private sector, and those dealing in them are making a fortune.

Health facilities, like many other

Labor Issues Intensified By Oil-Revenue Decline

Special to the IHT

THE POWER of the nation's labor federation, the Nigerian Labor Congress, is being tested by the general financial decline. The Labor Congress is anxious to prove its credibility to workers, but the government is expected to stand firmer on wage issues because of declining revenues.

The House of Representatives has passed a bill raising the minimum monthly wage to 125 naira from 100 naira. The bill will not come into force until President Alhaji Shehu Shagari has signed it, however, and it is now thought likely that the government might want to use restraint.

The Labor Congress suspended a two-day general strike in May in return for government pledges of an increase in the minimum wage. This followed a lengthy meeting between NLC leaders and the government, which also agreed to a 57-percent rise in monthly minimum pensions from 33 to 55 naira and in general fringe benefits. The communique issued after the meeting did not specify a new minimum wage but noted the NLC's rejection of an offer of 120 naira made earlier by a House committee.

Nigeria's financial condition has deteriorated since January because of the worldwide surplus of crude oil. According to one estimate, the 5-percent wage increase could save the federal government's expenditures by as much as \$3 billion.

Union Position

Meanwhile, having seen its original demand of a 300-naira minimum wage more than halved, the NLC does not want to accept further stalling by the government, even in the often-mentioned interest of industrial peace in the new civilian era. Nevertheless, it is doubtful that it will strike, despite some threatening noises. Aside from the May 11-12 general strike, two previous threatened strikes did not come off.

The NLC's first real threat of a general stoppage came in May, 1979, shortly before the end of the military regime. Politicians immediately accused the federation of wanting a return to civilian rule, while the military said the congress was motivated by external sources plotting to destabilize the country.

The NLC gave a second ultimatum in January, 1980, to President Shagari's 4-month-old administration. It demanded the repeal of the highly restrictive 1975 Trade Un-

ion Disputes Decree introduced by the military government, as well as rent and transport allowances and automobile loans.

President Shagari's fiscal 1980 budget in March made some concessions to the NLC, agreeing to a 100-naira minimum monthly wage as well as to rent and transport allowances. A committee was set up to review the labor laws. The NLC's third threat followed its charges that nothing had come of the committee's work.

Lukewarm Support

When the NLC finally managed to call its members out on a general stoppage in May, its voice had lost its stidency and support was lukewarm. At the same time, politicians revived the allegations that its action was unpatriotic.

The strike was barely successful, mainly because of poor organization. But international flights were grounded by striking air traffic controllers, public transportation was halted, the ports were paralyzed and shops, particularly in Lagos, were closed.

Worst of all, the petroleum industry was brought to a standstill. But many of the workers who defied the strike call saw it only as the NLC's desire to use freedoms that had been curtailed under 13 years of military governments.

The government is seeking to end the apparent confusion in the labor scene. It is pushing legislation that, it argues, complies with the International Labor Organization code forbidding the enforced membership of an individual union in a central labor movement. This would in effect end the NLC's monopoly.

NLC leaders accused the government of seeking to break up the labor movement for political benefit. Other critics of the proposed legislation say that the government is seeking to divide the various unions because of their growing militancy.

A breakaway faction of the NLC has been formed, called the Congress of Democratic Trade Unions, but its claim to backing from 30 of the NLC's 42 member unions seems exaggerated. Its creation nonetheless could indicate a weakening of resolve among labor unions to keep a united front.

At the same time, the NLC's claim that its affiliated unions have a stranglehold on the nation's economy because of the key sectors that they control may be exaggerated. Another general strike could indicate where the real labor power base lies.

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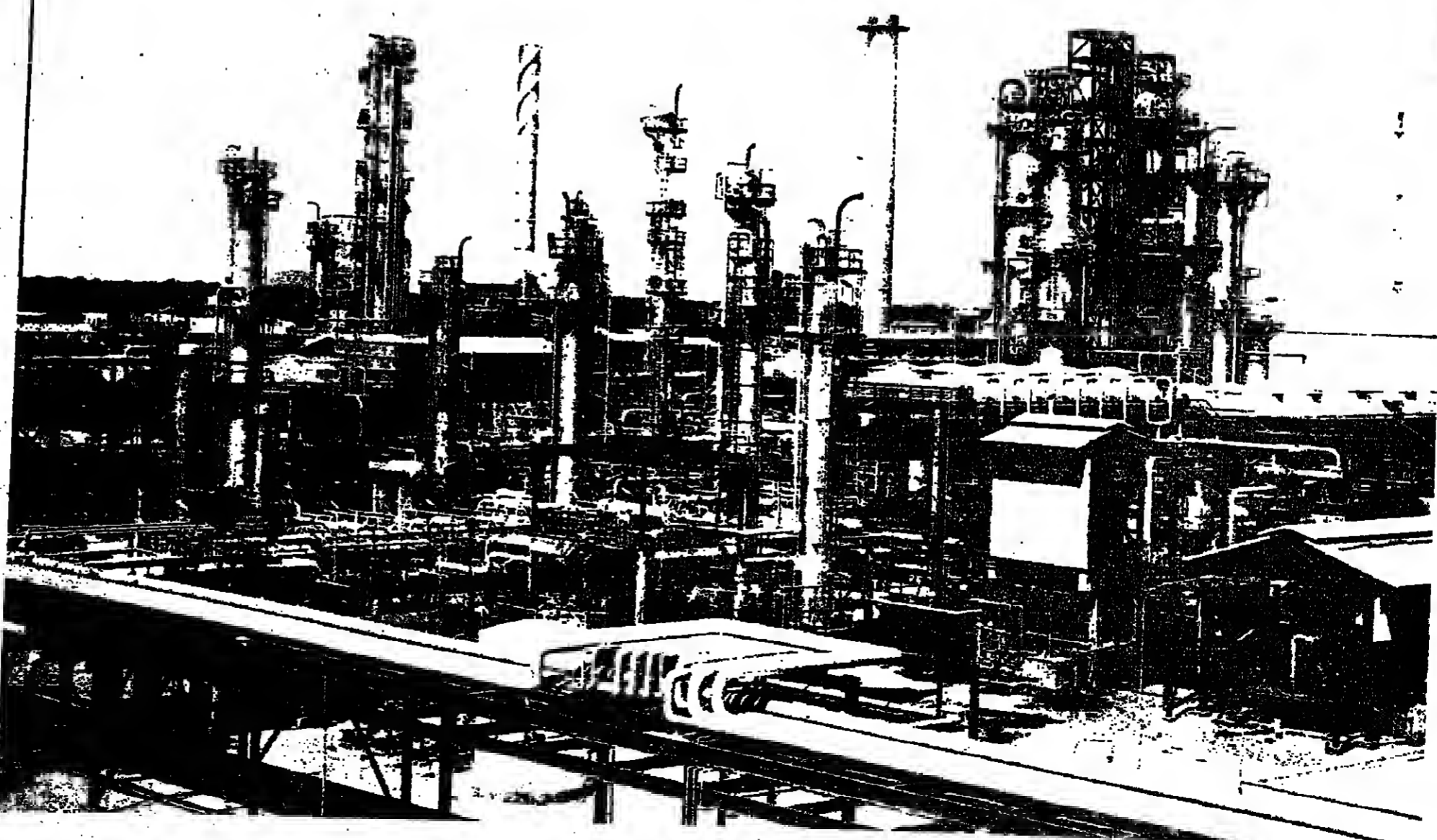
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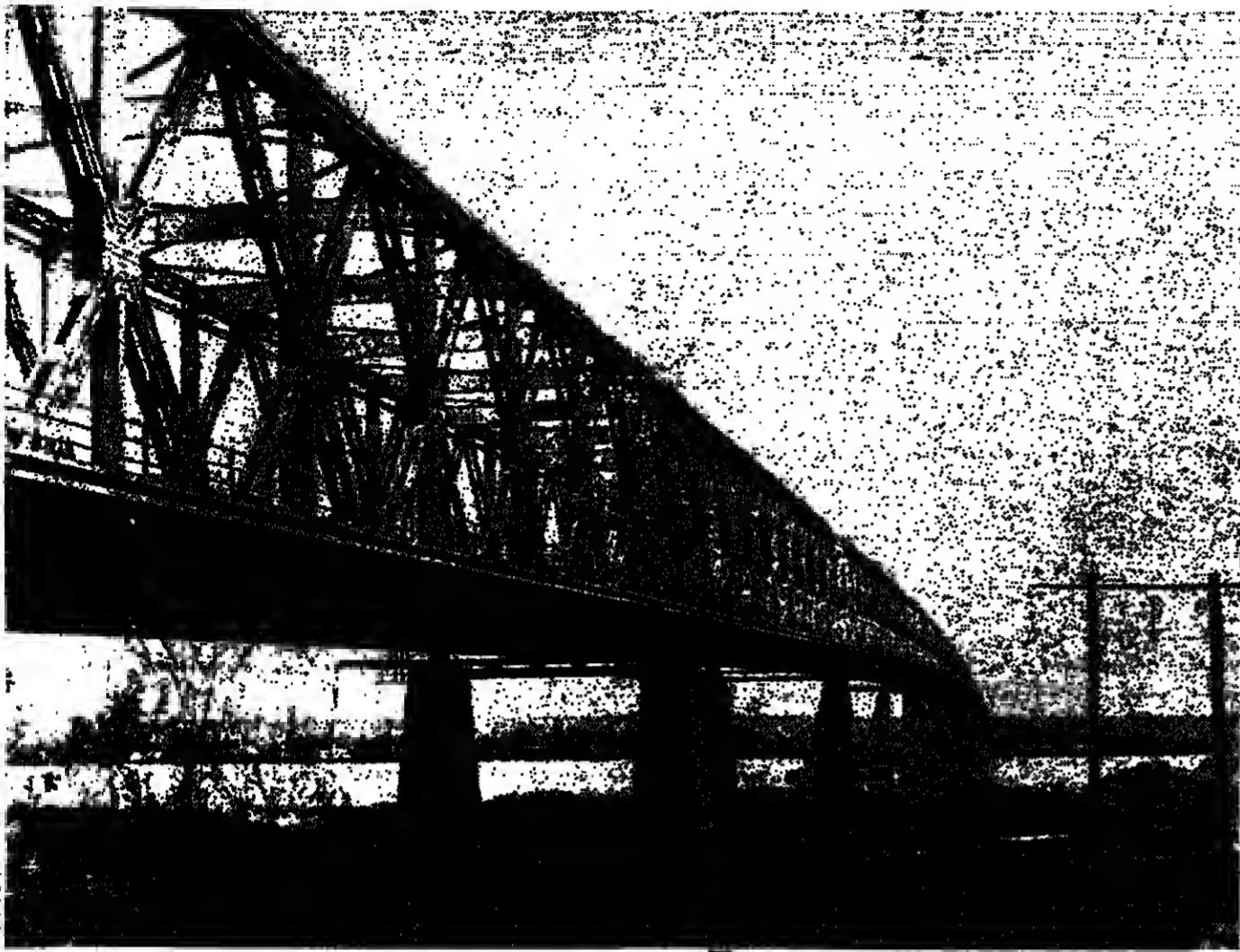


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Industrial Output Lags, Steel May Be Key

INDUSTRIAL growth has never been quite up to expectation in Nigeria, and the present outlook is particularly bleak for manufacturing companies. Last year, the output did manage to rise by 10 percent, but this year industrialists are gloomy. Nevertheless, the nation has comprehensive industrial activity in textiles, building materials, agricultural processing, vehicles assembly, oil refining, timber furniture, paper, pharmaceuticals and consumer goods. Steel mills are planned around the country.

While trading companies are making big profits, the manufacturers are expecting losses and some companies in the textile industry have closed. The crisis is related to the boom in imports and to smuggled goods providing major competition to domestic products.

Industrialists have collectively called on the government to stamp out the smuggling and it has promised to do so, but few expect it to be totally successful. But the state has a stake in many industries and is likely to want to protect them from unfair competition.

What makes locally produced goods more expensive than the smuggled items is less the result of high labor costs than of dislocations in supplies of raw materials or spare parts and consequent extensive delays.

Industry Ministry officials know that there is a long way to go before the country can have efficient and profitable industrial output. They also see the need to protect local goods. The government as a whole, however, is poorly briefed on the industrial situation and feels that it cannot evolve solutions until more is known about the problems.

"The manufacturing sector accounts for only 6 percent of gross domestic product. Officials would like to see more interdependence between factories for supplies. 'People think only of external sources,' an official said. 'Foreign goods are too accessible. Not many industries look at each other's needs to see how best they can supply them.' He sees the best hope for integration in agriculture-based industry.

There are some steady success

stories in industry, particularly in the manufacturing of beer and soft drinks, leather goods, cement, paper and pulp, cosmetics and soaps. Automobile assembly has become intensive, although the assemblers face operating losses and the demand for vehicles is enormous, given their short life on Nigerian roads.

A popular formula for federal and state industrial projects has been the construction of well-serviced estates, and some "free zones" are in preparation.

There are few places not affected by organizational problems, with inadequate water and power supplies and heavy dependence on foreign workers.

With the burgeoning steel industry, which will facilitate general industrial progress, the requirement for foreign workers is unusually high during construction. But training programs allow for largely Nigerian management soon after production starts at the main blast furnace and rolling mill complex at Ajaokuta.

The first phase of the Ajaokuta project will cost 3.5 billion naira. Situated by the Niger River in Kwara state, Ajaokuta has had to be built from scratch. Much of the steel town is in place, a river port has been completed and foundations have been laid for many of the buildings. Water and power supplies are being made available and telecommunications are being installed. The first phase also involves building and staffing a metallurgical training institute.

Like Abuja, Ajaokuta has become an international venture, with a wide variety of foreign firms participating in its construction. The Soviet firm Hidromontsput is responsible for operations and machinery, but the first stage of civil engineering is being handled by French and West German firms; a

Dutch group built the river port. An Indian firm of steel consultants has an important advisory and coordinating role, with experience from Soviet steel installations in India.

Providing housing for up to 7,000 Soviet engineers has been long delayed, and for a while the Nigerians intended to proceed with the project as planned. But after a recent visit to the Soviet Union, Steel Development Minister Manman Ali Makole said that many such difficulties had been resolved and that the Russians would have no problem getting into Nigeria.

The Ajaokuta Steel Co.'s general manager and chief executive, F.R.C. Ezenemadi, said that the first two rolling mills, using imported steel billets, will be functioning in 1983. The full project may be approaching start-up in 1985 but there are still problems.

There have been delays in starting iron ore mining at Itakpe, near Ajaokuta, because of delays in federal funding for the ore mining company. Another problem is posed by the non-availability of coking coal in Nigeria. A team of Soviet geologists and experts is to undertake studies in the hope of getting most of Ajaokuta's raw material needs from the country.

A railway from the opposite bank of the Niger, to link up with the existing Makurdi-Port Harcourt route, has been proposed, but it is still not confirmed that this will be the access route for Ajaokuta. The planners still have to decide how to bring about 600,000 metric tons of equipment from Eastern Europe (mainly Czechoslovakia and East Germany) to the site once it lands on Nigerian shores.

— RICHARD SYNGE

Airline Services Have Shown Sharp Growth

DOMESTIC AIR travel has grown in leaps and bounds during the last three years. Growing affluence in the cities, the development of state capitals and the spread of professional and trading contacts around the country have provided the impetus for the expansion of Nigeria Airways' services.

Between 1978 and 1980, the airline's handling of passengers doubled from 3,500 a day to more than 7,000; by the first quarter of 1981, the airline was handling 9,000 a day at peak travel times. By the end of 1981, it expects to have carried 2.7 million passengers in the year. Most of these will have traveled within Nigeria.

There are now airports in nearly all the 19 states, and domestic air fares are low in comparison with those of other countries, although naturally much higher than local buses and trains.

It is largely people on business who do most of their traveling by air, but more families are also flying on weekend trips. With the delays and dangers on Nigeria's roads, where the accident rate is high, it is not surprising that more people are choosing to fly.

Changing Market

The airports and airline authorities have had little time to adapt to the changing market. Nigeria Airways has to operate out of ramshackle offices by the old Ikeja airport. Despite its problems, it has just managed to keep pace with demand. The Nigerian Airports Authority has recently had large sums at its disposal, and has commissioned a series of "international airports" around the country, but the pace of construction has been slower than hoped. Nevertheless, Port Harcourt now has a properly

functioning international airport, while Kaduna and Abuja will open theirs in a matter of months.

Nigeria Airways has an insatiable demand for new aircraft, and leases six of its total fleet of about 25 (several of which are out of service at any one time). It has at least eight new planes on order, including four Airbus A-310s, but delivery of most is not expected until 1983. The need for leasing has so far been filled exclusively by Air Tara, based in Shannon, Ireland, which is providing five Boeing-737s for domestic use and one DC-10 for international flights.

KLM Team

During the last two years, the airline has been managed mainly by a top-level KLM team from the Netherlands, which is expected to leave at the end of the year. The

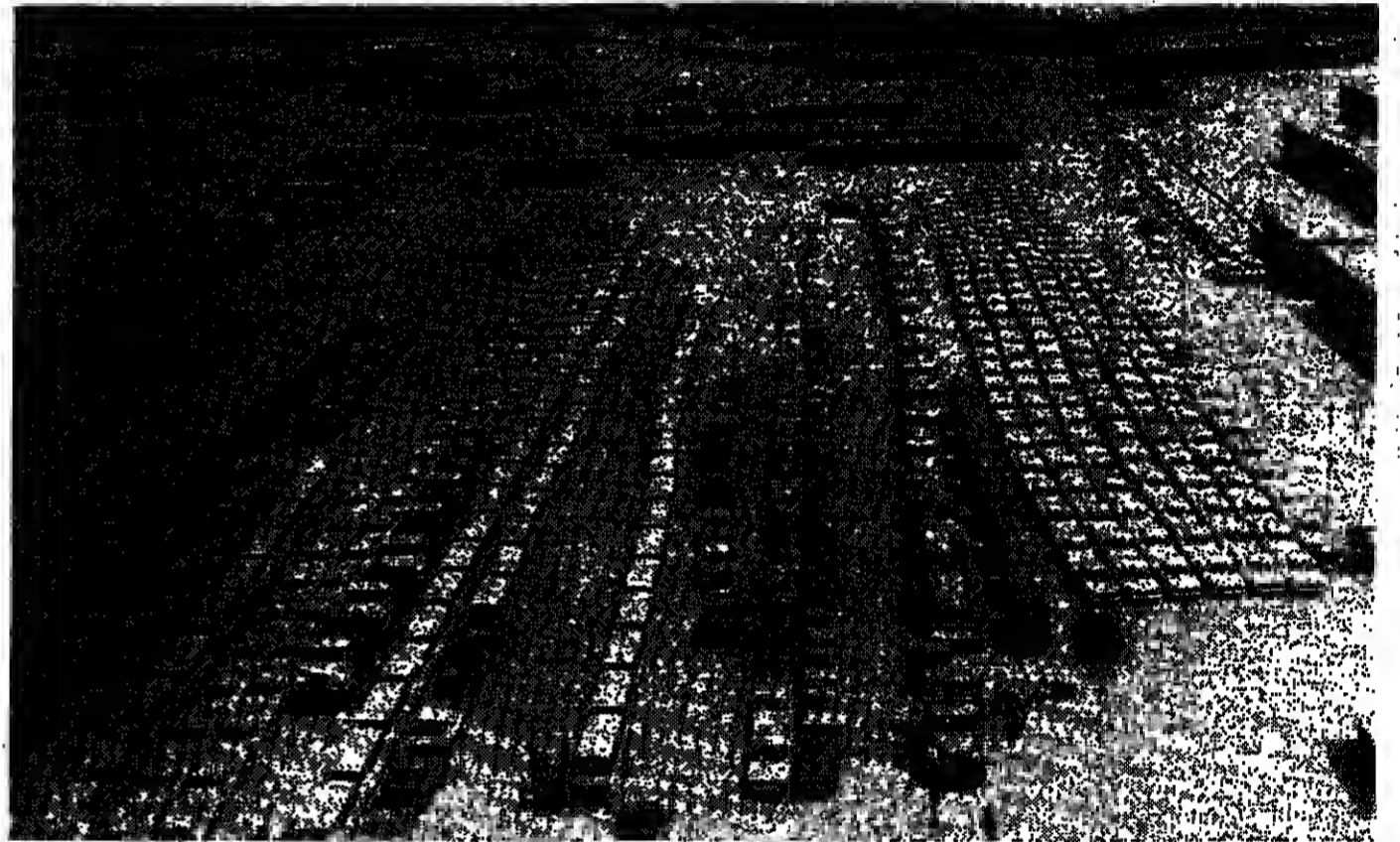
airline still seems to be considering whether to go it alone and is taking into account the continuing expansion and the need for aircraft maintenance. Much of this work will probably continue to be done by arrangement with Lufthansa and Aer Lingus.

Some senior government members feel that the airline management has not performed well during the last few years, and there are persistent rumors of the government favoring the development of private airlines in competition.

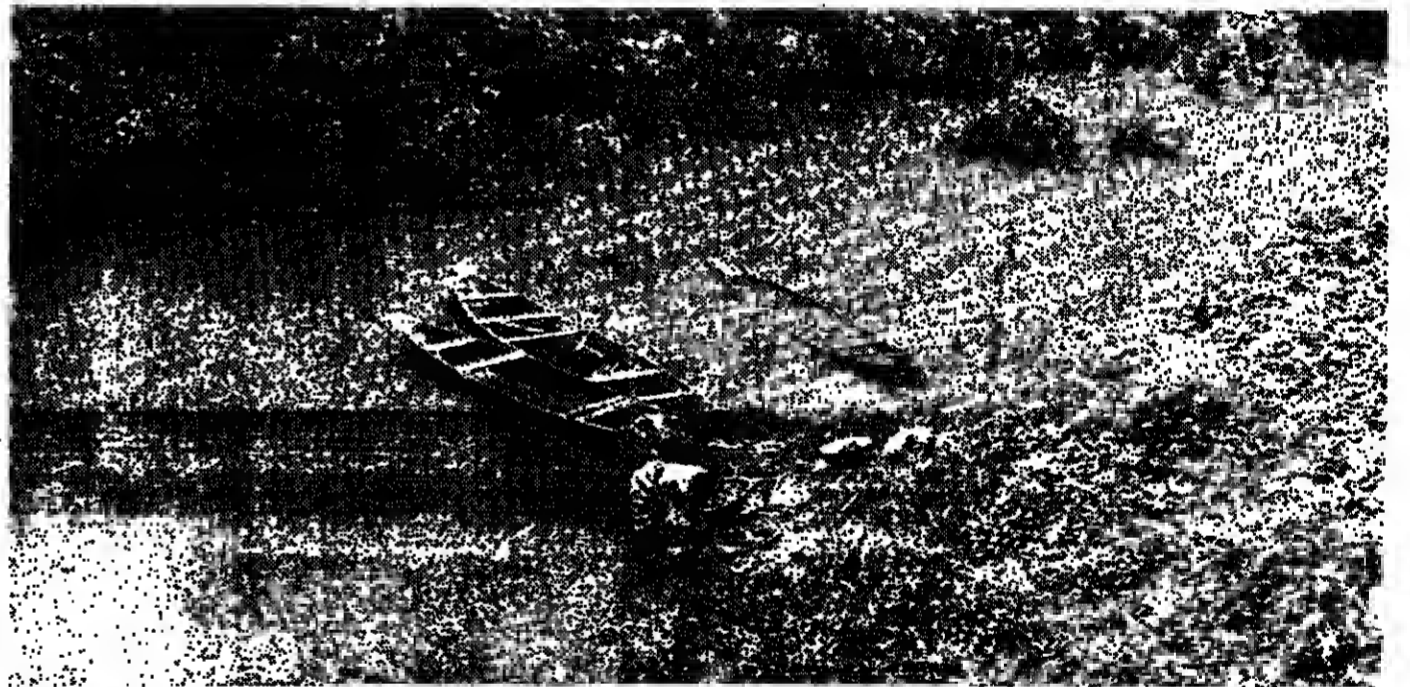
Employees Protest

The local air transport employees association recently protested competition to Nigeria Airways being proposed by three charter airlines — Inter Continental Airlines, Central Airlines and Kabo Tours. It claimed that Kabo Tours

(Continued on Page 175)



Trucks, vans and military equipment lined up at Tin Can Island Port at Lagos.



There are several navigable rivers in Nigeria, including the Niger, the Benue and the Cross. Extensive lagoons of the southern coastal area also play an important role in transportation and economic activity.

Nigeria: Salaries & Living Cost Survey ERI

For full details of our latest comprehensive survey, please complete and return the form below:

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NIGERIA

Substantial Expansion Is Noted in Area of Banking and Finance

Special to the IHT

BANKING and finance in Nigeria have grown impressively with the increase in revenues during the last decade.

With a major injection of revenue expected during the next five years as the nation's fourth development plan (for 1981 to 1985) is carried out, the prospects for bankers are better than ever. But their conduct will be closely guided. The authorities, and notably the central bank, want the banking system to respond to the needs of development.

There are 20 commercial banks in Nigeria, and several more have applications pending government approval. In 1970, there were 14 banks. Apart from the growth, there have been significant changes in banking. For example, the laws state now that no bank can be wholly foreign-owned, but those that were present about 20 years ago still dominate the banking system.

The number of branches has grown to more than 800 and under the rural banking program, this can be expected to increase rapidly in the next two years. But in a country with a population of about 85 million, 800 commercial bank branches remains a small number.

In the past, most banks awaited the arrival of an ample supply of customers rather than seeking them out in rural areas.

Banking Problems

It is in the commercial banking sector that some of the immediate handicaps of banking in Nigeria are apparent: Service can be slow, checkbooks and credit cards are not generally trusted. Furthermore, although the commercial banks, by paying well, draw large proportions of Nigerians with experience in banking, the shortage of qualified manpower is felt throughout much of the sector.

There are six merchant banks operating in Nigeria, and as major projects are planned they expect their role in the economy to expand.

The government has taken measures to prevent what had begun to appear as the duplication of roles between the merchant and other banks. The merchant banks, for example, were often criticized for encroaching on areas that are normally those of the other banks.

One of the most spectacular advances in terms of numbers has involved insurance companies, which in the last decade have increased from 25 to 67.

There are 20 commercial banks in Nigeria, compared with 14 in 1970, and several more have applications pending. The number of branches has grown to more than 800.

There are now four development banks, which, after a hesitant start, have been promised considerably higher funding under the fourth development plan.

The money market operates at a relatively modest level, leading most financiers involved with Nigeria to expect that this will be an area of great expansion in the next few years. The Lagos stock exchange is dominated by government bonds, and it appears sluggish compared with Western stock

exchanges. There were 7,138 transactions as of the end of 1980 valued at 389 million oaira.

Banking is seen by the authorities as a key to the rapid development and transformation of the economy.

Through the central bank, commercial banking must respect guidelines — on interest rates and credit ceilings for example — intended to benefit sectors of the economy that otherwise would be neglected.

Commercial and merchant banks have to commit at least 70 percent of loans and advances to so-called preferred sectors at preferential interest rates. During the last 10 years — the guidelines were introduced in 1969 — commitments to the preferred sectors have more than doubled. Stiff penalties are imposed on those who exceed credit ceilings in the less-preferred sectors or who fall short in the preferred sectors. They have to deposit the equivalent of the excess or shortfall at no interest with the central bank, which redirects it to the Nigerian Agricultural and Co-operative Bank or to the Federal Mortgage Bank. Banks are also obliged to commit 70 percent of their credit to indigenous borrowers, 16 percent of which must

go to Nigerian-owned small-scale enterprises.

The rural banking program was set up for geographical diversification and to improve loans to rural areas. Among other things, the program required banks to open 260 branches throughout the country by the end of 1983. Depending on the size of the bank, the central bank allocates the number of branches it must open.

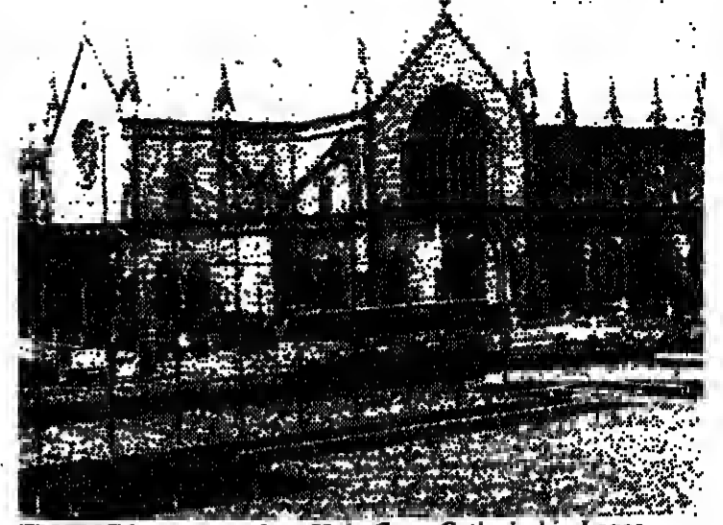
Although bankers do not object to the principle, they have criticized the rural program, citing, for example, the cost of running a bank in some small towns where depositors might be of relatively low income and the exacerbation of the manpower shortage.

The central bank also runs the Agriculture Credit Guarantee Scheme, established in 1977, which essentially covers commercial banks for up to 75 percent of losses on loans and advances to the agricultural sector. As an incentive to the commercial banks it is considered successful, but the govern-

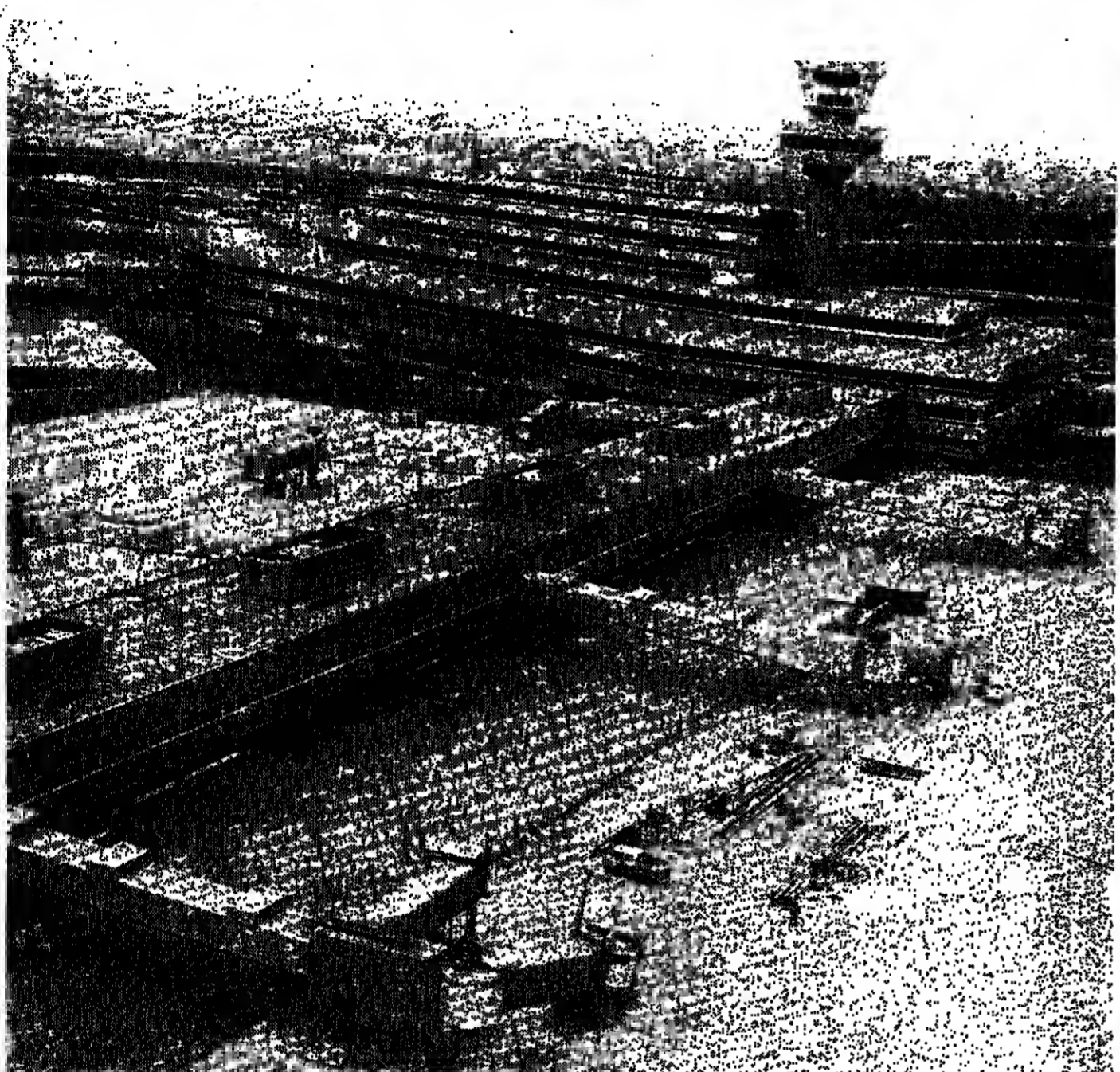
ment hopes that some day credit to agriculture will not require such a government cushion.

The role of the central bank in commercial banking is clearly strong and vital. What is a little less clear is its position in relation to the other financial authorities, notably the Ministry of Finance. Its role there may be best described as consultative. A number of decrees by the former military governments gradually eroded the power of the central bank. Some feel that the erosion has impeded its capacity to act on crucial issues, and the government is gradually obtaining closer cooperation among the leading financial authorities.

There will be further changes in the direction and structure of the financial system in the next decade because of changes in the economy and also because to a certain extent the authorities are forced to experiment in order to arrive at a financial system that fits the nation's needs.



FLYING buttresses adorn Holy Cross Cathedral in Lagos.



Several airports are being built around the country. Above is Murtala Muhammed Airport of Lagos, shortly before it opened.

Airline Services Have Shown Sharp Growth

(Continued from Page 16S)

in particular, was openly operating regularly scheduled flights.

Before these private operations came into being, private air travel was only permitted to the major companies who needed to have worker-transport services, particularly the oil industry, which has long been served by the privately owned Pan African Airlines and Bristow Helicopters.

One state government airline, Delta Airlines of Rivers State, re-

cently ran afoul of federal legislation and collapsed, with its planes now stripped of parts by thieves. This is unlikely to happen to the private operators, who are still hopeful that there will be room for business when Nigeria Airways has to face the next phase of its expansion. What will happen when more states demand international flights into their capitals is difficult to predict.

While Nigeria Airways has been able to keep the majority of flights

running on time, it has not been easy to overcome the problems of overbooking, communications breakdowns, the irregular functioning of airport radar and delays caused by bad weather.

One of the biggest advances in air travel was the opening in 1979 of Murtala Mohammed Airport for Lagos. It significantly eased difficulties for visitors to Nigeria and made the domestic flights more manageable. Two years later, however, it is not working as well

as had been hoped — for example, taxis charge exorbitant fares.

In the next phase of expansion, attention will have to be paid to the domestic services from Lagos, which would be enhanced by a new airport building and better road links to the international airport and the rest of the city. Although Abuja may become a central point for flying operations, the bulk of the traffic will still go through Lagos.

— RICHARD SYNGE

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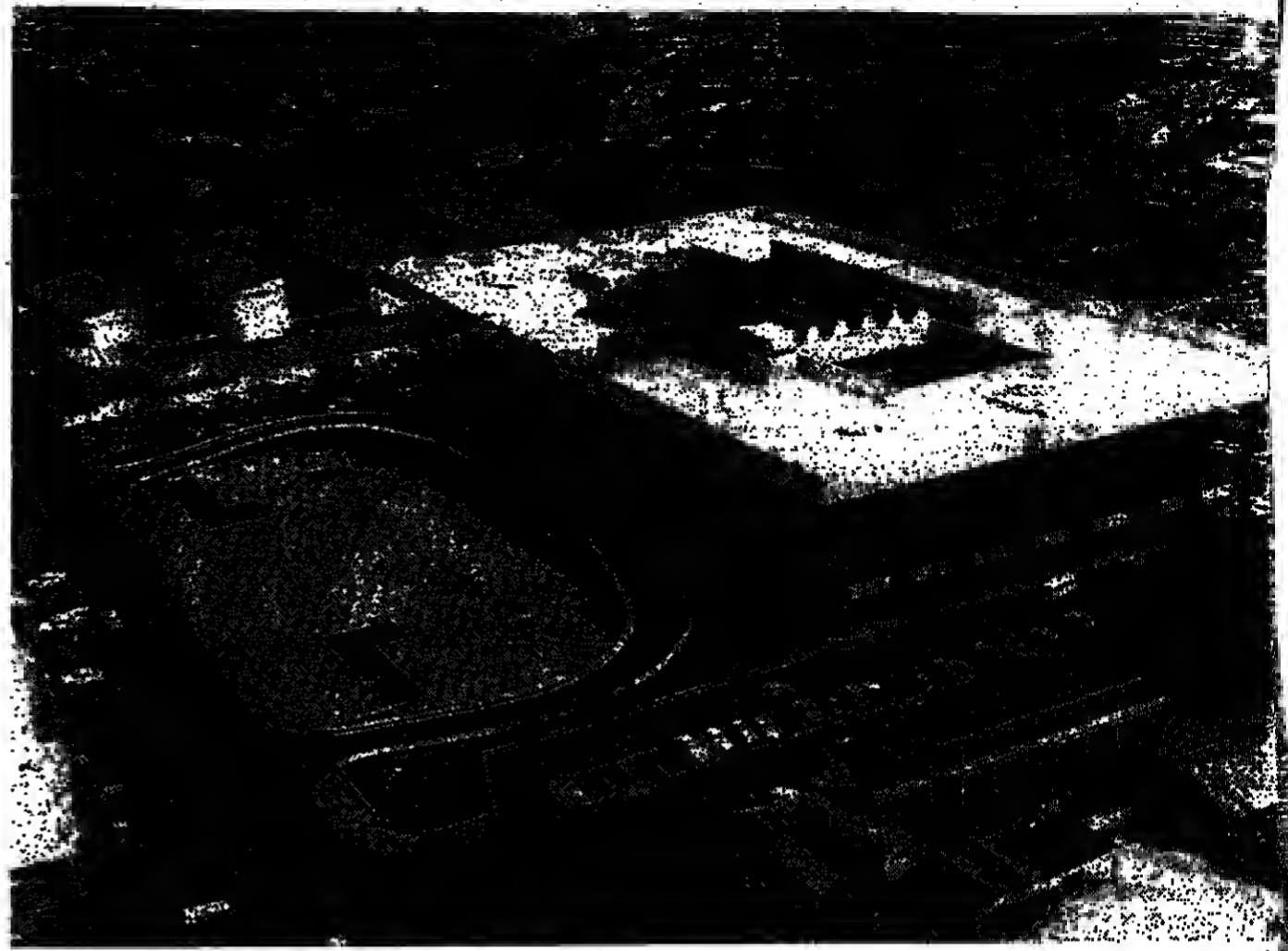
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The National Theater of Lagos was built at a cost of \$40 million.



Functions of state government buildings such as this one will eventually be shifted to Abuja.



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Migration Into Cities Poses Many Problems

COMMENTARY

THE DRIFT from rural to urban areas in Nigeria has reached the point of crisis. While detracting from agricultural production, the parasitic rather than generative nature of employment found in the cities has had a deleterious effect on the economy, and an increasingly troublesome effect on the balance within each community.

The rocketing crime rate and deteriorating health status in cities such as Lagos and Ibadan are symptoms of an epidemic that if caught early enough could have been treated, but which is now practically immune to any form of medication, administrative or legislative.

Most developing countries are experiencing similar socio-economic change, though not quite to the same degree. In broad terms, Nigeria has 25 percent of the black tropical African population. It also has 38 percent of the city dwellers. In short, it is a leader in urbanization, which with the impending freedom of movement in ECOWAS (Economic Community of West African States), may continue unabated.

Milk and Honey

Nigeria's wealth makes it the proverbial land of milk and honey to the inhabitants of many neighboring states, whose economies do not provide the opportunities found in many of Nigeria's cities. Agege, for example, on the outskirts of Lagos, is a Ghanaian stronghold, while the slum areas of Obalende on the otherwise exclusive Ikoyi Island have a strong Beninois presence.

But it is from the rural areas of Nigeria that the majority of the new urban dwellers have come and on whose shoulders the new, rather tense society is being built. Their links with hometown or village of origin remain strong — too strong, perhaps, for the economy to sustain the movement.

The new urban dwellers are mainly young adults, who regularly remit a percentage of their earnings to the family, thus depriving the urban areas of much-needed investment, while at the same time reducing the agricultural production in the rural areas.

Many village households depend on remittances for maintenance. The remittance system therefore has made it possible for large numbers of people living in the rural areas to benefit from the development and growth of urban economies, enjoying a higher standard of living, at the expense of agriculture.

Lacks Productivity

Equally serious is the nature of much of the urban employment: Often there is little productive about it. Taking the form of "secondary trading," it is parasitic, and

fails to impart any new impetus to the economy.

With only a fraction of the city populations creating the revenue from which services for so many others have to be provided, it is easy to appreciate why urban facilities are over-used and why the standards and efficiency of urban services are low.

Urban management is difficult: Property rates, income taxes and other small taxes all provide revenue, but they are difficult to collect when an area mushrooms.

Dual Leadership

The origins of Lagos lie in farming. The early Yoruba settlement in the 17th century was in what is now Ebute-Metta (on the mainland), which then developed into Iddo Island for defensive reasons during inter-Yoruba hostilities, and Lagos Island became the farmland for the community. The indigenous name for Lagos, Eko, is thought by some to derive from "oko," then the Yoruba word for "farm." Little resemblance remains.

From those early settlements, cities like Lagos developed. Supervision came from the traditional rulers, whose jurisdictions spread over rural areas. Today, the traditional rulers have lost few of their powers, and thus there is a dual leadership.

The negative influence of this dual leadership, coupled with the rather discriminatory attitude of long-time residents toward the newly arrived immigrant, has a debilitating effect.

The inner urban areas in Britain erupted under the pressures of tension and deprivation this summer, and there have been similar outbreaks of violence in some of Nigeria's cities. People can accept a certain amount of living atop one another, but when conditions deteriorate, the pot can boil all too easily.

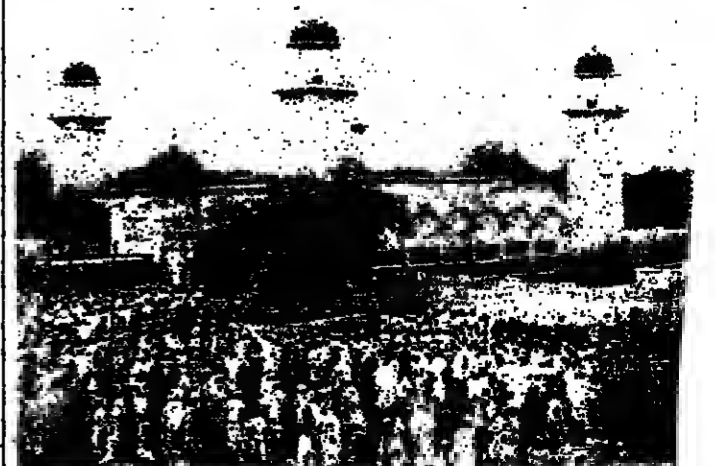
Increasing Danger

In some of Nigeria's larger urban areas, the lack of effective planning and the dearth of facilities and amenities represent an increasing danger.

A way must be found to curtail the influx to these areas. Several cities reached the saturation point many years ago. Yet with universal primary education and a high percentage of children graduating into secondary education, the outlook for reducing urban migration is not good.

The difficulties of creating employment opportunities fast enough to keep pace with the aspirations of an educated population may prove to be a real "Catch 22" in the development of the nation.

— BRYAN PEARSON



MOSLEMS gather for prayer at mosque in Sokoto, in northern Nigeria.

Dollar Declines as Reserve

IMF Says Major Currencies Gained Over U.S. Unit

WASHINGTON — The U.S. dollar, despite its surge in value on foreign exchange markets, continues to decline in importance as a foreign exchange reserve, the International Monetary Fund has found.

New OTC Methods Upset N.Y. Brokers

By Michael Quint

NEW YORK — The over-the-counter stock market, that boundless arena where securities of as many as 10,000 companies are traded daily by telephone rather than on the floor of an exchange, is taking steps toward combining trading information with the major stock exchanges.

Sweden to Devalue Krona

Economy Plan Calls for Price Freeze, Spending Cuts

STOCKHOLM — The Swedish government devalued the krona by 10 percent, froze prices and announced a 6-billion-krona (\$1.2-billion) program of spending cuts Monday in a package of measures aimed at strengthening the sagging economy and improving export competitiveness.



Thorbjörn Fälldin Moves to aid economy

BUSINESS NEWS BRIEFS

Bank of England Acts to Boost Rates
LONDON — The Bank of England raised its short-term interest rates sharply Monday, signaling higher rates for the whole economy and giving a boost to the ailing pound on foreign exchange markets.

U.S. Officials Reject Credit Curbs

WASHINGTON — U.S. government officials Monday came out strongly against the use of credit controls as a means of dealing with high interest rates.



Donald T. Regan controls have never worked

Kuwait Says OPEC Trying To Unify Prices Informally

KUWAIT — OPEC countries are discussing to unify prices after oil ministers failed to do so at emergency talks last month in Geneva, Kuwait government spokesman Abdul-Aziz Hussain said Monday.

Ford Plans Major European Investment

PARIS — Ford Motor will invest the equivalent of 5 billion French francs (\$867 million) in its European factories over the next five years, Rudolf Bonifacio, president of Ford France, said Monday.

U.S. Steel Prices Face European Challenge

NEW YORK — A top Common Market official is expected to press the Commerce Department this week to let European producers sell steel in the United States at prices below the official import or trigger price.

Swedish Krona Devaluation

STOCKHOLM — The Swedish government devalued the krona by 10 percent, froze prices and announced a 6-billion-krona (\$1.2-billion) program of spending cuts Monday in a package of measures aimed at strengthening the sagging economy and improving export competitiveness.

IMF Report on Dollar

WASHINGTON — The U.S. dollar, despite its surge in value on foreign exchange markets, continues to decline in importance as a foreign exchange reserve, the International Monetary Fund has found.

Transamerica Financial Corporation N.V. advertisement featuring U.S. \$75,000,000 and U.S. \$150,000,000 notes due September 3, 1986, with warrants to purchase U.S. \$150,000,000 zero coupon debentures due September 3, 1991.

Swiss Trade Deficit Widens Last Month

BERN — Switzerland's trade deficit widened to 990.6 million francs (\$480.5 million) in August from 506.6 million francs in July, the federal government said Monday.

U.S. Officials Reject Credit Curbs

BEAT INFLATION GUARANTEED advertisement offering term deposit accounts with interest rates ranging from 12.75% to 19%.

JET AVIATION PRIVATE JET SERVICES advertisement for Europe's leading management and charter company for business jets, based at Zurich Airport.

ARGENTINE REPUBLIC EXTERNAL U.S. \$ BONDS THE WESTON GROUP advertisement.

NYSE Nationwide Trading Closing Prices Sept. 14

Tables include the nationwide prices up to the closing on Wall Street.

Main NYSE stock price table with columns for 15 Month Stock, High, Low, Close, and various stock symbols like IBM, GE, and Ford.

Chicago Futures

Chicago Futures table listing prices for Wheat, Corn, Soybeans, and other commodities.

U.S. COMMODITY PRICES

U.S. Commodity Prices table listing various commodities like Copper, Silver, Gold, and their respective prices.

Markets Closed

Stock markets in Switzerland and all financial markets in Hong Kong were closed Monday due to holidays.

European Stock Markets

(Closing prices in local currencies)

European Stock Markets table listing closing prices for Amsterdam, Milan, London, Brussels, and Frankfurt.

International Monetary Market

International Monetary Market table listing exchange rates for various currencies like British Pounds, Canadian Dollars, and Swiss Francs.

New York Futures

New York Futures table listing prices for various futures contracts.

London Metals Market

London Metals Market table listing prices for metals like Copper, Silver, and Gold.

International Income Fund advertisement with logo and text describing investment options.

European Gold Markets advertisement listing gold prices and options.

WALL STREET REPORT advertisement for a weekly publication.

Italy's Unemployed Rises advertisement reporting on unemployment statistics.

Toronto Stocks advertisement listing stock prices and market data.

Montreal Stocks advertisement listing stock prices and market data.

Standard & Poors NYSE Index advertisement listing index values.

Monday's New Highs and Lows advertisement listing stock price movements.

AMEX Nationwide Trading Closing Prices Sept. 14

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices for September 14, 1981, listing various stocks and their prices.

Brokers in New York Upset by New OTC Stock System

(Continued from Page 19)
operation because the whole operation was organized around the principle of bringing traders together in an auction market.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.
France: Empain-Schneider Group 1981 Revenue: 21,300.0 1980 Revenue: 16,700.0

Norway Shows Deficit After Surplus in July

OSLO — Norway's trade account, excluding ships, showed a preliminary 761-million-krona (\$127.1-million) deficit in August compared with a 1.74-billion-krona surplus in July, the government said.

Retail Sales in Britain Recovered in August

LONDON — British retail sales volume recovered in August with a 1.6-percent increase, after a 1.8-percent drop in July, to just below the level of sales in June, provisional Trade Department figures showed Monday.

Tokyo Exchange

Table of Tokyo Exchange rates for September 14, 1981, listing various currencies and their exchange rates.

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Eurocurrency Interest Rates

Table of Eurocurrency Interest Rates for September 14, 1981, listing rates for various currencies and maturities.

Floating Rate Notes

Closing prices, Sept. 14, 1981

Table of Floating Rate Notes closing prices for September 14, 1981, listing various banks and note details.

Selected Over-the-Counter

Table of Selected Over-the-Counter closing prices for September 14, 1981, listing various stocks and their prices.

Advertisement for The New Silver Spur Silver Spirit, available now with Paris delivery tax free. Price: FF. 634.000.00 & 543.000.00.

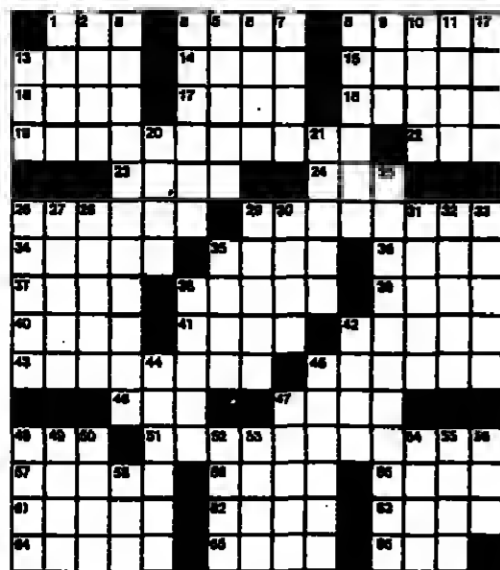
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Advertisement for Bell International Limited Bankers, offering a 3 3/4% to 15% interest rate on deposits. 'YOUR CAPITAL DOUBLES in 5 years'.

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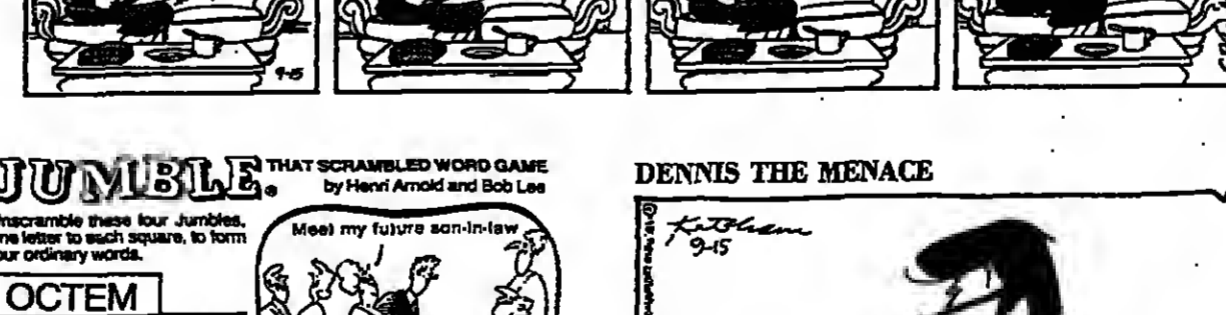
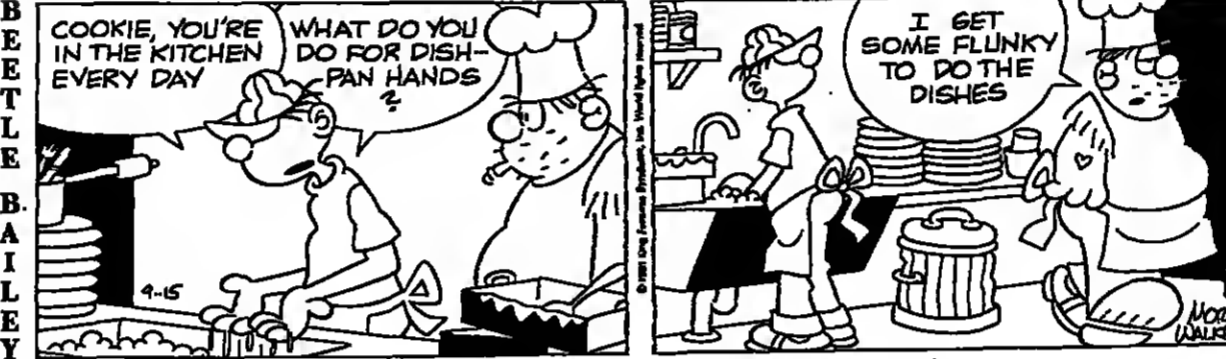
By Eugene T. Malachuk



- ACROSS
1 Gen. Arnold
2 "Blood Wedding"
3 Alling girl in opera
4 State as fact
5 French soup favorite
6 Eager
7 Bozong's square
8 Math word
9 "The Wind," film classic of '51
10 Lander or Miller
11 Grant or Perry
12 Unadorned
13 Companion of yon
14 Uninvited one
15 Component in perfume or medicine
16 Fox or turkey follower
17 "Go" a song
18 Edwin or J. Wilkes
19 Location
20 Coup d'
21 Lhusa (dog breed)
22 Boulogne (dog breed)
23 Marks off as a poor risk
24 Sea (saline lake of Calif.)

WEATHER

Table with columns for HIGH, LOW, and weather conditions for various cities including ALBUQUERQUE, ANCHORAGE, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BURENABURG, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DANABURG, DUBLIN, EDINBURGH, FLORENCE, FUKUYAMA, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LJUBLJANA, LONDON, LOS ANGELES.



JUMBLE. Unscramble these four jumbles, one letter to each square, to form four ordinary words. OCTEM, KOSTE, DOAGIA, BELTOG. DENNIS THE MENACE. 'I GIVE HER A BAD TIME, SHE GIVES YOU A BAD TIME... THAT'S THE WAY IT GOES.'

BOOKS

THE GEOGRAPHY OF THE IMAGINATION By Guy Davenport. 384 pp. Cloth \$20. Paper \$10. ELOGUES By Guy Davenport. 238 pp. Cloth \$15. Paper \$7.50. North Point Press, 830 Talbot Avenue, Berkeley, Calif. 94706. Reviewed by Hilton Kramer

AS A MODE of literary discourse, criticism — when it is not simply opinion-mongering — tends to be stamped by the objects in which it takes the most intense and protracted interest. An ideal sympathy is established between the critic and the habits of vision to be found in the kind of poem or painting or other art work that most urgently engages his attention, and this sympathy — amounting at times to a passion — determines the very style of the critic's discourse. It also, of course, determines the limits of the critic's vision. In the case of Guy Davenport, whose critical writings have now been collected in "The Geography of the Imagination," the principal shaping spirit is emphatically that of Ezra Pound. Not only is Pound's poetry upheld as the fulcrum of the modernist achievement and his prose esteemed as the font of all critical wisdom, but in other respects too — above all, in his fundamental outlook on modern civilization — Pound is embraced as a man to be admired and a mind to be emulated; he is, in Davenport's opinion, the greatest aesthetic intelligence of the modern period. Now it takes a lot of talent and a lot of learning for a writer to live up to the standards of such a formidable model, and it should therefore be said straightaway that Davenport acquires himself remarkably well in meeting those standards. He certainly brings the requisite learning, discipline, sensibility and versatility to his many literary and critical essays, and is not to be confused with the multitude of cranks and ignoramuses who have sometimes been found in "The Cantos," a warrant for their own misguided effusions. Far from finding the sheer range of Pound's linguistic, historical and aesthetic interests in any way daunting, he has addressed himself to the variety of challenges with an impressive energy and application. Thus, among the many subjects discussed in "The Geography of the Imagination" are the writings of Homer, Walt Whitman, Edgar Allan Poe, Louis Agassiz, John Ruskin, Marianne Moore, Wallace Stevens, Osip Mandelstam, Gertrude Stein, James Joyce, Louis Zukofsky, Charles Olson, Eudora Welty, and Pound, of course, as well as the paintings of Paul Tiethechew, the photographs of Ralph Eugene Meatyard, and the music of Charles Ives. Much attention is given, too, to prehistoric art and to the scholarship that has focused on primitive and prehistoric culture. This impassioned discipline to Pound clearly brings many advantages to a mind as responsive and well-stocked as Davenport's, but I am afraid it also accounts for some of his less appealing articles of belief. He appears to share with the master an implacable hostility to modern society and a corollary myopia in the realm of politics. Sharing Pound's radical aestheticism, Davenport follows his lead in despising almost everything about the modern world except its artistic accomplishments. This, to say the least, places a certain restriction on the range of Davenport's sympathies. Reading his essays, I am reminded of a passage in Edward Shils' new book "Tradition." "Modern culture," writes Shils, "is in some respects a vitiated and deliberate effort to undo by technology, rationality and governmental policy the givenness of what came down from the past." This is precisely what writs of the Poundian persuasion find intolerable in modern culture, and against which their every argument, allusion and creative endeavor is marshaled. That this "utopian and deliberate effort" may be brought certain benefits to mankind is never for a moment considered a serious possibility, for it is a proposition that ill accords with a purely aesthetic view of experience. What is yearned for as an alternative to the debacle of modernity (as it is thus thought to be) is an ethos of "the ancient cultures," which are alleged to have possessed "critical tools for analyzing reality" superior to ours. What is to be valued in the 20th century is not so much what it has inherited as what it has rediscovered — most especially the "renewance of the archaic" that has been pioneered by certain artists, writers and scholars. It therefore follows that the figures to be admired, above all others in our time,

are "the artists who were performing the great feat of awakening an archaic sense of the world." It is to them, described as "the whole Tribe of Dadaists," and to their work that "The Geography of the Imagination" is devoted. Daily Modest: Davenport is, to be sure, duly modest about what this exertion or behalf of the archaic has brought us. "Whether, indeed, the century's sense of the archaic served to alleviate our alienation from what was once most familiar, or whether it put our alienation into even starker contrast to ages in which we romantically supposed man to have lived more harmoniously and congenially with his gods and with nature, it is too early to say," he writes. Yet he harbors no doubts about the ideal we should set for ourselves. "The nearest model for a world to be lived in, pre-Aristotelian Greece and Rome," which is much to be preferred, one gathers, to the world in which "the railroad tracks went down and the factories up" and "our sciences began to explain the mechanics of everything and the nature of nothing." What in fact seems to be the case is that this whole romance of the archaic is an elaborately constructed preserve for exercising the ruminative powers of the literary mind, and bears little, if any, relation to the actualities of life in those coveted "ancient cultures." In this respect, certainly, Davenport remains completely faithful to the spirit of "The Cantos," in which history is constantly being manipulated to serve the purpose of image, ideology and myth. As a writer of short stories he is, in a way, even more of a sectarian than he is as a critic. In his first book of fiction, "Tattini," published seven years ago, Davenport created a model of young, willing, beautifully endowed and ignorant men who have sometimes been found in "The Cantos," a warrant for their own misguided effusions. Far from finding the sheer range of Pound's linguistic, historical and aesthetic interests in any way daunting, he has addressed himself to the variety of challenges with an impressive energy and application. Thus, among the many subjects discussed in "The Geography of the Imagination" are the writings of Homer, Walt Whitman, Edgar Allan Poe, Louis Agassiz, John Ruskin, Marianne Moore, Wallace Stevens, Osip Mandelstam, Gertrude Stein, James Joyce, Louis Zukofsky, Charles Olson, Eudora Welty, and Pound, of course, as well as the paintings of Paul Tiethechew, the photographs of Ralph Eugene Meatyard, and the music of Charles Ives. Much attention is given, too, to prehistoric art and to the scholarship that has focused on primitive and prehistoric culture. This impassioned discipline to Pound clearly brings many advantages to a mind as responsive and well-stocked as Davenport's, but I am afraid it also accounts for some of his less appealing articles of belief. He appears to share with the master an implacable hostility to modern society and a corollary myopia in the realm of politics. Sharing Pound's radical aestheticism, Davenport follows his lead in despising almost everything about the modern world except its artistic accomplishments. This, to say the least, places a certain restriction on the range of Davenport's sympathies. Reading his essays, I am reminded of a passage in Edward Shils' new book "Tradition." "Modern culture," writes Shils, "is in some respects a vitiated and deliberate effort to undo by technology, rationality and governmental policy the givenness of what came down from the past." This is precisely what writs of the Poundian persuasion find intolerable in modern culture, and against which their every argument, allusion and creative endeavor is marshaled. That this "utopian and deliberate effort" may be brought certain benefits to mankind is never for a moment considered a serious possibility, for it is a proposition that ill accords with a purely aesthetic view of experience. What is yearned for as an alternative to the debacle of modernity (as it is thus thought to be) is an ethos of "the ancient cultures," which are alleged to have possessed "critical tools for analyzing reality" superior to ours. What is to be valued in the 20th century is not so much what it has inherited as what it has rediscovered — most especially the "renewance of the archaic" that has been pioneered by certain artists, writers and scholars. It therefore follows that the figures to be admired, above all others in our time,

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BRIDGE. East's experience told him that it was right to signal, and West continued spades to beat the contract. NORTH: ♠ 8753, ♥ 108754, ♦ 7, ♣ A82. WEST (D): ♠ AK10, ♥ 63, ♦ 108762, ♣ J94. EAST: ♠ Q42, ♥ 7, ♦ A84, ♣ Q109753. SOUTH: ♠ 985, ♥ AQJ32, ♦ KQ53, ♣ K. East and West were vulnerable. The bidding: West Pass, North Pass, East Pass, South Pass. West led the spade king.

ADVERTISEMENT INTERNATIONAL FUNDS. September 14, 1981. Table listing various international funds and their performance metrics.

Art Buchwald
The Friendly Skies

WASHINGTON — As more and more major airlines eliminate class and lower fares from their fleets, the skies are being taken up by tiny, struggling commuter jets.



Buchwald

What makes this exciting is that the new airlines are flying everything from World War II DC-3s to little planes that carry no more than six passengers at one time.

He weighed his baggage and then he asked me how much I weighed. I lied and said 190. He wrote down 200.

We went back inside but the pilot said it was too late. He had to load the luggage on the plane. He picked up his microphone and said, "Cumulus Airlines Flight 1786 is now boarding for Boston with intermediate stops in Hyannisport, Provincetown and Woods Hole."

A Kabuki Onnagata

Tamasaburo Bando Specializes in Female Roles

By Christine Chapman

TOKYO — As a young man, Tamasaburo Bando is a character — boyish and frank. As a woman, he is beautiful and seductive, capable of intense passion and cold-blooded murder.

structure it's possible to produce a natural voice. Bando divides style in acting into two general classifications: that of building the character slowly and quietly to its climax or beginning with a smash and then practicing the art of acting.

At 7 Bando made his Kabuki debut playing a child whose head is cut off during the play. He was delighted. "It was like a dream. I woke up every day thinking how wonderful I can perform again today."



Kabuki actor Tamasaburo Bando offstage, in costume.

Reveals the secret of the spell he has cast upon Japan. "The thing about seducing a man — in life or on stage — is that you must never let him know it," the actor advises. "The audience must not have the feeling that she's practicing a deception on the monk."

PEOPLE: Canadians on Run Honor Cancer Victim

Canadians by the thousands ran, walked or bicycled in communities across the country on Terry Fox Day to raise money for cancer research.

The woman who whopped out a long and loud Arkansas Razorback cheer after she was crowned the new Miss America says it is just a "very down-to-earth" person. People often have a "pre-conceived notion of what a Miss Arkansas or a Miss America is like."

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